COMPUTERS ■ CROSS-PROMOTIONS ■ STRES

THE MONTHLY MAGAZINE OF THE NATIONAL RESTAURANT ASSOCIATION VOL. 10 □ NO. 5 □ MAY 1990

RESTAURANTS

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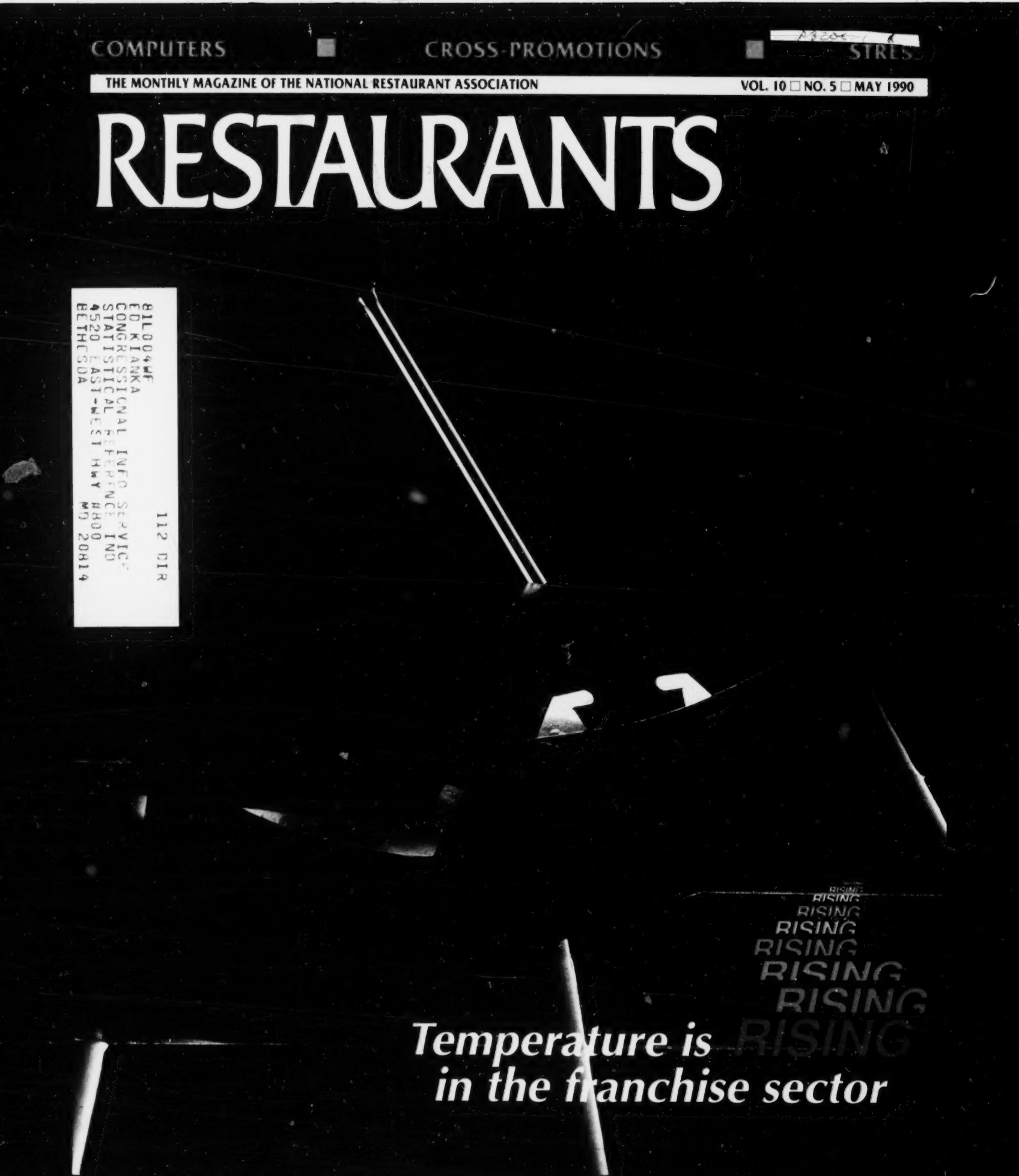

Temperature is in the franchise sector

ASSOCIATION MEETINGS

SEMINARS

Basic Foodservice Courses

Kitchen Management
6/4 Denver, CO
6/11 Portland, ME
6/12 Manchester, NH
6/18 Los Angeles, CA
6/19 San Francisco, CA
6/20 Sacramento, CA

Foodservice Management Courses

Banquet Management
6/11 Raleigh, NC
6/18 Cleveland, OH
6/19 Philadelphia, PA

Labor: Hiring, Training and Retaining
6/5 Charlotte, NC
6/6 Nashville, TN

Off-Premises Catering
6/4-5 Boston, MA

Profitability
5/22 Richmond, VA
6/5 Pittsburgh, PA
6/6 Detroit, MI

Successful Buffet Management
5/22 Portland, OR
5/23 Seattle, WA

For information, contact:
Educational Foundation of the National Restaurant Association
250 South Wacker Drive
Chicago, IL 60606
(312) 715-1010 or 1-800-522-7578

If your company is interested in our in-house programs, call or write to the attention of Jeff Harrison at the above address.

Seminars scheduled during National Restaurant Association Restaurant, Hotel/Motel Show

5/19
Applied Foodservice Sanitation
Customer Service*
Dining Room Management
Food Cost Management
Franchising for Growth
Healthy Profits through Nutrition
Kitchen Management*
Labor: Hiring, Training and Retaining*
Perfecting Your Culinary Skills
Profitability
Promoting Your Restaurant*
Successful Buffet Management
Takeout Delivers Profits

5/20
Applied Foodservice Sanitation
Banquet Management
Dining Room Management*
Food Cost Management
Franchising for Growth*
Healthy Profits through Nutrition*
Kitchen Management
Profitability
Promoting Your Restaurant*
Takeout Delivers Profits*

**half-day program*

Note: *All Chicago seminars except those at the Show are held in the educational foundation's conference center at 250 South Wacker Drive.*

Make Sure You SERVSAFE

SERVSAFE, the educational foundation's latest addition to the food protection arsenal, trains foodservice managers in vital food safety practices and gives them the tools to take that information back to employees.

An outgrowth of the foundation's **Applied Foodservice Sanitation** certification course, SERVSAFE is a complete food protection education package for training and certification.

Don't miss the chance to win another battle in the war for customers. Call the foundation's customer service department at 1-800-765-2122 for more information.

EXECUTIVE STUDY GROUP SERIES

Foodservice Purchasing Managers
5/17-18 Chicago, IL

Marketing Executives
5/16-20 Chicago, IL

Multi-Unit Architects, Engineers and Construction Officers (MAECO)
5/16-18 Chicago, IL

For more information on specific study groups, contact: Philip Kralovec, (312) 853-2525.

The Executive Study Groups present semi-annual professional development programs for executives who would like to meet with their industry peers to share ideas and concerns. Executives in each of the afore-mentioned disciplines from member foodservice companies are welcome and encouraged to participate.

COURSES AND BOOKS AVAILABLE

Certification Courses
Applied Foodservice Sanitation
Applied Foodservice Purchasing
Managing Quantity Food Production
Management by Menu
The Financial Ingredient in Foodservice Management
Foodservice: A Managerial Approach
Legal Aspects of Foodservice Management
Foodservice Supervision: Achieving Success Through People
NEW! Effective Foodservice Marketing
NEW! Introduction to the Foodservice Industry/ Introduction to Foodservice Management

Self-Development Courses
Protecting Restaurant Profits: Managing Security
Effective Communication
Managing People
Restaurant Operations and Control
Restaurant Purchasing
Bar and Beverage Management
Helping People Grow
Service: Managing the Guest Experience

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RESTAURANTS USA

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PRESIDENT'S REPORT

Harris H. "Bud" Rusitzky, President
Serv-Rite Food Service and Consulting Corporation
Pittsford, New York

Come to the Show this month

Educational lineup at Show

Learn about nutrient analysis

Parental leave is back

Help needed to correct minimum-wage bill

May 19 marks the opening day of the 71st annual National Restaurant Association Restaurant, Hotel-Motel Show at Chicago's McCormick Place. Besides the 2,000 exhibits, the management clinics—which give operators a chance to brainstorm with their peers—and presentations by some of the foremost minds in the country, there will be three exciting "learn-while-you-watch" competitions.

The Culinary Arts Salon will feature the largest cold-food display of its kind in the country as 200 talented culinarians compete with original and creative food masterpieces. In the Ice Carving Classic, competitors from the United States and five foreign nations will create awe-inspiring sculptures out of ice. And the final selection for the 1992 Culinary Team USA, those who will represent the United States at the next "culinary olympics" in West Germany, will be made at the Show. You can't afford not to be at this year's Show.

The educational lineup at the Show is considered by many veteran Showgoers to be as invaluable an experience as walking the Show floor. In addition to the theaters and management clinics, the association's educational foundation will be presenting pre-Show seminars on Saturday, May 19, and Sunday, May 20, in both half-day and full-day formats. There will be topics to appeal to everyone. Registration for the seminars is a separate charge from general Show admission.

While you're at the Show, don't forget to stop by the National Restaurant Association membership booth (#3004) Monday afternoon or Tuesday morning for a demonstration of the association's new nutrient-analysis service. The association's nutritionist will show how recipes are analyzed for nutritional content per serving—to include a listing of calories, protein, carbohydrates, sugar, dietary fiber, sodium, fat and cholesterol. The service also can provide diabetic-exchange values.

It looks as if the parental-leave issue is back. With President Bush indicating he will veto the child-care bill, Congress is likely to shift its attention to passing a parental-leave bill; a version may even come up for a vote on the House floor this month. Our association's position is that we should not be told which benefits we must offer our employees. The benefits employees want and need are as diverse as the employees themselves.

Our association is also pressing Congress to pass technical-correction legislation that will correct an oversight in the new federal minimum-wage law and restore an exemption to small businesses, as intended by Congress. As the law now stands, employees engaged in interstate commerce are covered by the new minimum wage, even if employed by restaurants grossing less than $500,000. The law originally contained an exemption for these restaurants.

Association representatives are in the process of meeting with members of both the House and Senate labor committees to bring the situation to their attention and to seek support for a legislative correction. We are pleased to have won the support of the Department of Labor and the President, whose assistant for economic

and domestic policy has written that the administration had no intention of creating the unexpected problem.

FICA tax repeal also needed

Our association is also campaigning for a repeal of the employer-paid Social Security (FICA) tax on tips. If tips are not counted as wages when we calculate our payroll, they should not be considered wages when we figure payroll taxes. Further, the tax singles out our industry; employers of stockbrokers or salespeople on commission are not subject to that provision.

The association is trying to rally support on Capitol Hill for a bill that would repeal this unjust tax. For such a bill to come to a vote, it must have at least 200 cosponsors in the House and 40 in the Senate. As of this writing, we have lined up 85 cosponsors.

Our association has prepared a background paper that sets forth arguments against the tax, and it has sent the paper to each senator and representative as well as to each of our key contacts (the association members who act as liaisons with a particular senator or representative). We have asked these key contacts, as well as state restaurant association members, to ask their legislators to back repeal. And we are asking all members to write their representatives urging cosponsorship of the repeal legislation.

We hope that the efforts of our liaisons, a grassroots letter-writing campaign by members and the background paper for an information campaign will encourage members of Congress to join us in our repeal efforts.

ADA makes its way through Congress

The Americans with Disabilities Act (ADA) continues to make its way through Congress. Association lobbyists are still trying to make necessary changes in the bill that is designed to guarantee rights to disabled persons as customers and as employees.

New current-issues report on labor market

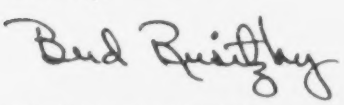
Foodservice Employers and the Labor Market is the title of a new current-issues report available in mid-May. This publication will present the results of a Gallup survey that asked foodservice managers how they are responding to the tight labor market. The report also contains a detailed demographic profile of today's employee. The publication will be sent to key association members. Others can order it by calling 1-800-424-5156 or (202) 331-5900.

Welcome, new members

Welcome to the 122 new members who joined the National Restaurant Association last month. And a special welcome to the approximately 500 members of the Georgia Restaurant Association who also joined our ranks. Your commitment to the association will further strengthen our unified effort to represent the foodservice industry.

I'm looking forward to seeing you at the Show. Don't forget to bring your special Show admission card—a regular association membership card will not be enough for admittance to the Show this year.

Sincerely,



Harris H. "Bud" Rusitzky
President and Chairman of the Board

COVER STORY: SURVIVING THE FRANCHISE SHAKEOUT

15 Could there be a rumble of trouble in the franchise sector? Increasing competition and the ever-changing marketplace are forcing the segment's players to adopt new strategies in their quest for customers and profits.

The C.H.I.C.K.E.N. Club helps kids fight drugs.

SPECIALS

12 Operators active in the war against drugs
Continuing with ***Restaurants USA's*** "Restaurants in the Community" series is this report on restaurateurs who have charged to the front lines in the battle against drugs.

18 Viewpoint—restaurant revitalization
A marketing executive explains the "six Rs" for revitalizing a business.

19 Partners in promotions
Who says restaurateurs have to go it alone? Foodservice operators across the country have forged partnerships with local businesses, commodity groups and community organizations in the effort to create more business for everyone. Don't miss the guidelines on how to get started on your own cross-promotion ventures.

24 The great escape
From acupuncture to a jog in the park—restaurateurs are burning off stress through outside activities so they won't burn out on the job.

26 Helping your employees get psyched
Operators who care for their employees' emotional needs—whether through better understanding or by offering subsidized therapy—are cultivating a happy, healthy and enthusiastic workforce.

28 Menus with mama, trains, bikinis and jokes about Yogi
A judge for the 1990 Great Menu Contest comments on this year's batch of award-winning menus and describes the effort that went into choosing the winners.

Monterey Wine Festival

30 The human factor in the transition to computers
Getting employees to accept computers in the workplace involves thorough training, open communication and lots of patience. Here are some tips for making the process go smoothly.

30 Can we talk?
Getting the cash register to "talk" with the back-office PC can save a lot of accounting headaches and open up a whole new way of looking at data. But getting this communication going requires research and careful planning. Read how.

Cover photo by Gary Landsman

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- ☐ Foundation awards certificate to sanitation-text translator
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National Tourism Week, May 13-19

National Tourism week is now official, thanks to President Bush, who signed into law the congressional resolution proclaiming the third week of May National Tourism Week, in celebration of the industry's social, cultural and economic contributions to the nation.

The slogan for this year's National Tourism Week—May 13 to 19—is "Tourism Works for America." This year's celebration has taken on increased meaning because tourism has become the number-one "export" in the United States, according to Commerce Department figures. In 1989, for the first time, foreign travelers spent more in the United States than did U.S. travelers to foreign countries. Visitors traveling in and through the United States spent an estimated $350 billion, much of which went to businesses in the foodservice industry.

The National Travel & Tourism Awareness Council urges you to wear red on Wednesday, May 16, to show your support for this vital industry.

An appealing ceiling

A design "breakthrough." **Diners at Jaxx restaurant and bar, located in the Hyatt Regency Suites in Chicago, often do a double-take when they think that the ceiling above them has disappeared. Diners in this new restaurant, which opened in April, actually see a trompe de l'oeil ("trick of the eye") painting of the sky as seen through what appears to be the remains of an ancient ceiling.**

Book Corner

Tasting a taste of the gold

With the final tryouts for the 1992 Culinary Team USA taking place at the Show later this month, you may want to learn more about the team's history and the recipes its predecessors created, to international acclaim.

Taste of Gold promises both to satisfy your curiosity and to stimulate creative ideas. Published by the American Culinary Federation, it is the fourth in a series of cookbooks featuring recipes by U.S. culinary teams. This one focuses on the 1988 group, presenting more than 250 recipes as well as instructions on preparation and presentation. Of special note is the section that addresses the most common mistakes made in cold-food presentations.

In addition, *Taste of Gold* takes you behind the scenes with profiles of the 15 chefs on the 1988 national and regional U.S. culinary teams. It describes tryouts and selection, practice sessions and the steps that went into making this world-class team.

The book is filled with color photographs and is truly a keepsake edition.

To order a copy of *Taste of Gold*, write the American Culinary Federation, P.O. Box 3466, St. Augustine, FL 32085. The cost is $22.50, which includes shipping.

CORNISH GAME HENS WOODSMAN'S STYLE

1986 World Cup winner
Serves 10

Ingredients:
5 whole Cornish hens, 1½ lbs. each
½ oz. bacon, minced
¾ oz. butter
2 ozs. white mushrooms, minced
2 ozs. morels, minced
1 tspn. shallots, pared, finely chopped
¼ tspn. garlic, pared, finely minced
1 thyme stem
½ bay leaf
3 fresh sage leaves
¾ oz. Madeira wine
1 egg white
3½ ozs. heavy cream
Salt, pepper to taste

Method:
Remove legs from hens; remove all meat and trim away skin, tendons and fat. There should be about ½ lb. leg meat. Dice. Refrigerate. Remove first two joints from wing, leaving one wing joint attached to breast (breasts should be left on bone, not split). Refrigerate.

Render bacon in skillet over medium heat. Add butter and white mushrooms; saute for 2 minutes. Add shallots and garlic; saute for 2 minutes.

Add thyme, bay leaf, sage and Madeira; reduce over medium heat until nearly dry. Discard spices. Spread mixture on plate to cool.

Process egg white with chilled leg meat in food processor to a paste (20 to 30 seconds). Scrape down sides of bowl. Add cream. Empty into bowl. Fold in cooled mushroom mixture. Place in a pastry bag with a plain tip. Pipe about 2 ozs. meat-mushroom mixture between skin and breast meat on each side of breast. Smooth out surface to spread filling evenly.

Season hens to taste. Bake at 350° F. for 25 minutes. To serve, remove breast with one joint of wing from ribcage. Slice breast on a slight diagonal into four slices. Fan out on warm plate. Garnish with turned root vegetables and sauteed spinach.

A&W offers storybooks and cassettes to kids

A Day at the Zoo

A&W Restaurants are "beary" excited about their new kids' premium—a customized children's read-along storybook and matching cassette tape, entitled "A Day at the Zoo." "Drawing children into fast food restaurants is continually becoming more and more competitive, and so the strategies used to attain visits must be exceptionally creative and meet the needs of children and their parents," said Jeanne Chapman, director of marketing for A&W Restaurants, Inc., headquartered in Livonia, Michigan. "We decided to focus on providing an item that would be fun for children and had a terrific value along with educational merit. We combined the unique appeal of our mascot, the Great Root Bear, with the popularity of read-along storybooks to encourage children to read and to reinforce the image of A&W Restaurants as a great place for families to eat."

Copeland named franchising entrepreneur of the year

Al Copeland, founder and chairman of the board of Popeyes Famous Fried Chicken and Biscuits, Jefferson, Louisiana, has been named the winner of the International Franchise Association's Entrepreneur of the Year Award for 1989. The award, which has been presented annually since 1982, honors an individual whose business success is matched by active and innovative community involvement.

Buchtenkirch-Biscardi: first woman U.S. master chef

Lyde Buchtenkirch-Biscardi, a Culinary Institute of America chef-instructor, became the first American woman to receive certification as a master chef after successfully completing a 10-day examination sponsored by the American Culinary Federation (ACF).

Buchtenkirch-Biscardi, a 1972 Institute graduate, received a crystal chef for having earned the most points during the testing of the eight master-chef candidates.

The master-chef examination is one of the most challenging tests of a chef's skills, and the certification is one of the highest professional honors a chef may receive. Only 39 chefs in the United States have actually earned this certification. In order to qualify for the master-chef program, each candidate must have already attained the rank of certified executive chef, a process also administered by the ACF. The chefs are then given guidelines and materials to prepare them for the final test.

Foundation awards certificate to sanitation text translator

Sanitation in Chinese. **Paul Martin, director of educational programs for the National Restaurant Association Educational Foundation, presents a certificate of appreciation to Mary Chan Troken for translating the *Applied Foodservice Sanitation* textbook into Chinese. Also pictured in Chicago's Chinatown are Chinese restaurateurs George Eng (left), owner of Gin's Chop Suey, who is currently taking the Chinese sanitation recertification course, and Allen Lee, owner of King Wah Restaurant and president of Chicago's Chinese Chamber of Commerce. The translation was sponsored by Kikkoman International.**

Valley folks mount up for Easter Seals

Ride 'em, cowboys! **There were plenty of carrots and an abundance of pushing and pulling during the first Pointe Resorts Donkey Races at Aunt Chilada's restaurant at The Pointe on South Mountain. In a fund-raising event for the Arizona Easter Seal Society, Phoenix residents were invited to don cowboy garb and race the Valley's most popular radio, newspaper and television personalities on some of the most stubborn donkeys in the West. Forty-five four-person teams competed in this 33-heat, double-elimination tournament. Winners received an assortment of prizes.**

Vie de France launches sous vide line

Vie de France Corporation is branching out into sous vide. On April 23 the company launched its sous vide product line at the opening of a new plant in Alexandria, Virginia. The 30,000-square-foot facility is designed to accommodate the creation, packaging and delivery of sous vide meal items, including entrees, side dishes, sauces and garnishes. The plant will be able to produce up to 70,000 meals a day.

Sous vide, a method of food preparation whereby fresh food is vacuum-packed, slow-cooked and then refrigerated or frozen until ready for reheating and serving, was introduced in France in the early 1970s. Vie de France began researching and perfecting sous vide technology in 1982, in conjunction with the Societe Scientifique d'Hygiene Alimentaire (SSHA), a division of the French government responsible for the research, technology and quality control of food development. The Vie de France system is the synthesis of SSHA's research and development and continuing sous vide research at Virginia Tech.

All equipment at the Alexandria facility is computer-monitored, and the plant maintains aseptic conditions. Its advanced safety and quality-control procedures include critical control-point analyses, as well as strict hygienic controls, extending from within the plant to its distribution network. In addition, the plant's manager of operations, quality-control manager and chef of production all received at least two years training at the SSHA or at Vie de France's sister company, Nouvelle Carte, which has been producing sous vide products for seven years.

The Vie de France Sous Vide System will be introduced at the National Restaurant Association's Restaurant/Hotel-Motel Show.

Tastings highlight Monterey Wine Festival

Andrew McLauchlin

$3,350 for a bottle of wine? For Ted Balestreri, co-owner of the Sardine Factory in Monterey, it was not only an opportunity to contribute to the Andre Tchelistcheff Scholarship Fund, it was also an opportunity to add "one of the greatest wines of our time" to his famous collection.

Participants flexed their minds as well as their tongues at the festival's 14 educational programs, which covered the latest production, marketing and serving techniques.

The 14th annual wine spectacular, sponsored by the National Restaurant Association, featured 900 wines from 213 wineries.

Who says learning can't be fun? Not the 1,300 restaurateurs, wine makers and wine enthusiasts who flocked to Monterey, California, March 18–20 for the 1990 Monterey Wine Festival.

Wayne Belding, owner of the Boulder Wine Merchant, a wine specialty shop in Boulder, Colorado, attained the highest level of wine expertise by earning the title Master Sommelier. There are some 50 Master Sommeliers worldwide.

Aspen, Colorado

American alpine cooking

Chef Richard Chamberlain wanted to try something different in creating a menu for the restaurant at the Little Nell, a 93-room luxury ski resort in Aspen, Colorado. He may have ended up creating a new cuisine, which he calls "American Alpine Cooking."

Chamberlain came to Aspen from Dallas, and the first change he noted was the altitude. "I knew little about high-altitude cooking," says Chamberlain, "so I went to the public library and researched food and cooking techniques used in such mountainous areas as the Rockies, the Smoky Mountains and the Alps." Chamberlain adjusted easily to the changes in cooking times and the amount of yeast used, but he is challenged by the dryness of the air.

"We have to concentrate on methods that will keep things moist, so we look for alternatives to roasting," Chamberlain explains. "We started smoking our meats; and now we're braising them, too, in vegetables, beer, wine and various marinades. It's amazing the way the meats pick up the flavor."

Part of the creation of Chamberlain's new cuisine is the use of foods indigenous to the hotel's location at the base of Aspen Mountain. He relies on pheasant, trout, quail and salmon to add a regional touch to the menu. "For smoking, we use woods native to the area. There are quite a few orchards around here, so we use cherry wood and apple wood. They give meats a pleasingly sweet flavor," says Chamberlain.

Jessup, Maryland

Fine dining behind bars

It's an unlikely setting for white tablecloth dining: the maximum security Patuxent Institution in Jessup, Maryland. But at a recent Saturday lunch, 15 inmates being trained as chefs prepared and served their first meal to a small group, including visiting families and friends.

"Everything was to the standards of a white tablecloth restaurant," says Judith Knapp, education director of the Maryland & Washington Restaurant Culinary Apprenticeship Committee, which oversees the program. Knapp was especially pleased with a consomme she described as "better than many I've had in area restaurants."

The Patuxent chef training program is designed to offer inmates a sellable skill they can employ after being released. The program is carried out in conjunction with Howard Community College, the Restaurant Association of Maryland and the American Culinary Federation. "The chef-certification program gives inmates a chance to enter an industry that's still growing," says Knapp.

Imparting the skills of a chef to an inmate is no small task. Many of Patuxent's residents are from disadvantaged backgrounds and have poorly developed reading skills. But Knapp believes that foodservice offers them an opportunity to shine anyway. "They are experiential learners who may not have done well in an academic setting," she notes.

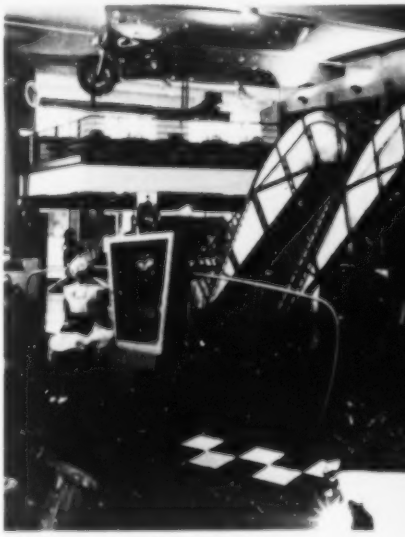
Knapp doesn't expect the program's participants to leap from inmate status to chef stardom immediately. "I don't look for any of them to walk out and be a head chef," says Knapp, "but they could serve as excellent backup chefs." One skill they may have to refine is food-cost control. "I was amazed at the size of the portions they served," says Knapp.

Chicago, Illinois

No bad seats

"We're sort of the Hard Rock Cafe in reverse," says Marvin Rice, describing the concept of Boogies Diner in Chicago. With well over half its revenues coming from clothing sales and the remainder from food, Boogies Diner is capitalizing on America's love of trendy sportswear and diner food by integrating a retail clothing store and diner under one roof.

As vice president of store design and construction, Marvin S. Rice is especially proud of the award Boogies Diner will pick up this month: a Pyramid Award from *MONITOR* magazine in the category of new restaurant design. The 6,600-square-foot lower level is devoted entirely to clothing, and the 2,400-square-foot mezzanine diner overlooks the retail area, allowing patrons to shop subliminally as they munch on traditional diner fare.



"The upstairs diner area is set back, so that people can get the energy of the area down below," says Rice. "There are no bad seats, and the whole concept is geared toward having fun."

Other highlights of the Boogies design are its 25-foot-high ceiling and colorful floors. "The high ceiling really takes your eyes up to the mezzanine level," says Rice. "The floor colors are bright, with a lot of punch."

—Paul Moomaw

The challenge of rebuilding after a fire

Dear Editor:
In January 1989 my restaurant, a 33-year-old landmark and favorite stop for motorists along U.S. Highway 30, was destroyed in a fire. Fire marshals traced the cause to smokers' carelessness in a basement laundry room.

After a year of planning, designing, replanning, permit gathering and building, the restaurant is about ready to reopen.

When Hump's burned a year ago, we, the owners, weren't the only ones who felt the loss. The Kiwanis Club lost its meeting room and some of the club's equipment, and the Fourth of July committee lost the queen's coronation robe. To the town of 1,650 between Portland and the Oregon coast, this family-owned restaurant was the hub for coffee klatches and business meetings.

We learned from our loss and through the process of rebuilding. Here are a few hints we'd like to share with other restaurant owners:

1. Be careful what you keep at work. Hundreds of recipes and records burned. If you keep those at work, keep copies on a computer disk somewhere off premises. We had to rely on the memories of employees to reconstruct recipes and procedures.

2. Keep up-to-date insurance policies and a written and photo inventory. We spent weeks outlining 33 years of equipment and paraphernalia. One year later we are still remembering lost items. Business-interruption insurance is mandatory. Losing a business to fire doesn't mean that there won't be bills associated with the business that isn't there, such as insurance, advertising and licenses. And these are not included in the rebuild costs!

3. When rebuilding, encourage and listen to customer suggestions. Two of the most important features for the regulars at Hump's were a horseshoe-shaped counter in the coffee shop and a dining area overlooking the Clatskanie River.

4. Find a contractor who cares about the community and cares about his work. The original Hump's, a small drive-up candy and ice cream shop, was constructed by F.C. Jones Construction. We used the same company to rebuild.

5. Keep a clip file of stories, photos and notes from customers. I started a scrapbook after the fire. Customers enjoy looking at before-and-after pictures, plus reviewing the stages of construction.

6. Talk to the media. It's a way to keep customers informed.

7. Spend time working with staff, who have lost their jobs overnight. Communicate regularly with them and tell them what is happening. And give them a chance to work for you again. We were able to keep eight people because we offered them jobs at our second restaurant, The Conestoga.

—Pam Sellix,
Hump's Restaurant,
Clatskanie, Oregon

*Readers are invited to comment on industry issues, **Restaurants USA** articles and association activities. Send your opinions to Feedback, **Restaurants USA,** 1200 Seventeenth St., N.W., Washington DC 20036-3097. Submissions may be edited for length.*

Association pushes to repeal FICA tax on tips

Lobbyists believe now is the best time for restaurateurs to press for repeal of the FICA tax.

The National Restaurant Association has mounted an all-out campaign to get Congress to repeal a 1988 law requiring restaurateurs to pay Social Security (FICA) taxes on all the tips their employees report.

"The bottom line is that the FICA tax on tips is putting the small restaurateur out of business," says Michael Greenfield, of Michael's Seafood and Steak Tavern in Ludlow, Vermont. Greenfield, who employs 25 workers, estimates that the 1988 FICA law has increased his payroll tax burden approximately $10,000 a year, lopping a sizable piece off his already thin 3 to 5 percent profit margin.

Tax burdens restaurateurs

"This tax takes away a large chunk of money that should be going back into the business to increase sales and open up new jobs," says Greenfield.

Greenfield says the higher FICA taxes "have whittled profits down to the point where the money simply isn't there to share" for the restaurant's employee profit-sharing program.

Greenfield is not alone. Thousands of other restaurateurs have also been hit hard over the past two years by higher FICA taxes for tipped workers, paying out thousands of dollars in increased payroll taxes while putting renovations, equipment purchases and new hiring on hold.

Before 1988, employers paid FICA taxes on cash wages and any tip credit taken as authorized by the federal Fair Labor Standards Act, an arrangement that had been in effect since 1965, when Congress first debated how to tax tip income.

A payroll tax on nonpayroll wages

"I think it is patently unfair to target the hospitality industry, in which tip income is most prevalent, for purposes of collecting new tax revenues," says Sen. Rudy

How to do your part

If you would like to do your part to repeal the FICA tax on tips, write your elected representatives and ask them to cosponsor H.R. 446 and S. 1815. Explain that:

1. The increased FICA tax on tips is a big burden on small businesses. Provide specific examples of how the law has hurt your business.

2. Tips are not wages. Point out that it is unfair to charge payroll taxes on nonpayroll income.

3. Federal laws are inconsistent. Point out that the FICA tax counts all tips as wages while federal minimum-wage law only allows a 45 percent (50 percent as of April 1, 1991) tip credit.

4. Increasing Social Security taxes is an artificial way to balance the budget.

Address letters to: U.S. House of Representatives, Washington DC 20515, or U.S. Senate, Washington DC 20510.

"I think it is patently unfair to target the hospitality industry, in which no income is most prevalent, for purposes of collecting new tax revenues," says Sen. Rudy Boschwitz (R-MN), who has introduced a bill to repeal the FICA tax on tips.

Boschwitz (R-MN), who has introduced a bill to repeal the FICA tax on tips.

Sen. Boschwitz's bill, S. 1815, has garnered five cosponsors; companion legislation introduced in the House by Rep. Hank Brown (R-CO), H.R. 446, has attracted 87 cosponsors.

Boschwitz and Brown argue that it is unfair to impose payroll taxes on nonpayroll dollars. Boschwitz further notes that the tax "targets a class of businesses that operate on very tight margins: small, independent operators."

Bill Latham, owner of Amerigo, an Italian restaurant in Jackson, Mississippi, points to another inequity: While tax law requires employers to pay FICA taxes on all tips reported by employees, minimum-wage law doesn't allow employers to credit tips against 100 percent of their minimum-wage obligations. "Congress tells me that all tips are wages for payroll tax purposes, but then it tells me that all tips aren't wages when I figure out the minimum wage. They can't have it both ways," says Latham.

Mike Greenfield, who employs 25 workers, estimates that the 1988 FICA law has increased his payroll tax burden approximately $10,000 a year, lopping a sizable piece off his already thin 3 to 5 percent profit margin.

Time is right for repeal

The National Restaurant Association is now trying to line up more cosponsors for S. 1815 and H.R. 446, in order to convince Capitol Hill leaders to schedule action on the bills.

Although revenue-losing proposals often get a chilly reception in Congress, National Restaurant Association lobbyists believe now is the best time for restaurateurs to press for repeal of the FICA tax.

At center stage is a controversy brewing in Congress over the budget gimmickry that allows lawmakers to use surpluses in the Social Security Trust Fund to make the federal budget deficit appear smaller.

That accounting provision fueled the FICA change, passed by Congress late in 1987. Despite relentless opposition from restaurateurs, lawmakers voted to increase FICA taxes on tips as part of a last-minute effort to balance 1988 budget sheets—even though none of the revenues actually reduce the deficit and even though the extra revenues do not increase the retirement benefits of tipped workers.

Now many members of Congress, led by Sen. Daniel Patrick Moynihan (D-NY), feel that Congress is misleading the country by using large trust-fund surpluses to mask the deficit's actual size. They argue that payroll taxes should be reduced to cut the size of the surplus—or that Congress should be prohibited from using trust-fund surpluses to offset the deficit.

Grassroots action critical

"In a year when the budget is extremely tight, a proposal that loses money will be that much more difficult to sell. Grassroots support from National Restaurant Association members is vital to the success of any repeal effort," says Brown.

—Andrea McLaughlin
—Denise Roach

DC ROUNDUP

□ **GAO report finds sanctions cause bias.** A late March report from Congress's General Accounting Office claims that by penalizing employers who hire illegal workers, the 1986 Immigration Reform and Control Act (IRCA) has caused "widespread discrimination" against job applicants who look or sound foreign.

GAO surveyed more than 9,400 employers and found that 19 percent discriminated against workers on the basis of their national origin or citizenship status.

Although several members of Congress immediately introduced measures to repeal employer sanctions, lawmakers are likely to opt to strengthen IRCA's antidiscrimination provisions, simplify the paperwork used to verify a worker's eligibility and force the government to do a better job educating employers about IRCA.

□ **Child-labor crackdown yields 11,000 violations.** The U.S. Department of Labor (DOL) announced last month that its investigators uncovered at least 11,000 violations of child-labor laws during a three-day crackdown in March.

DOL, which held a press conference to release the names of employers charged with violations, assessed $2.9 million in penalties as a result of the three-day "Operation Child Watch," far surpassing the $1.5 million assessed for all of 1989.

Labor Secretary Elizabeth Dole cautioned employers that the agency intends to continue its more rigorous enforcement of child-labor laws, hoping to stem the tide of increasing violations.

□ **DOL releases new wage poster.** Keeping up with the changes in federal minimum-wage law that took effect April 1, DOL released a new version of the minimum-wage poster last month that all employers are required to hang in their workplaces.

The poster describes the higher minimum wage, the new training wage and other requirements of federal wage law. For your copy, contact DOL in Washington DC at (202) 523-8441 or DOL's nearest wage and hour office, listed under U.S. Government, Labor Department, in your telephone directory.

—Denise Roach

OPERATORS ON ACTIVE DUTY IN THE WAR AGAINST DRUGS

The lives these restaurateurs have helped rebuild, or keep straight, remind us that there is no such thing as a "minor" victory in the war on drugs.

Danazar Dinosaur helps Brady Keys explain the dangers of drugs and the importance of happy, healthy living.

by Joan E. Herlong

The battle against drugs is moving from city streets and depressed neighborhoods into the kitchens of America. Restaurateurs in every part of this country are picking up and distributing weapons in the fight—not guns, but education and financial support—and a contagious sense of personal urgency and commitment.

Restaurants USA spoke with several of these restaurateurs on "active duty." Their successes and enthusiasm are an inspiring reminder. The casualties of drug abuse involve more than just dollars and cents.

"Keys" to keeping kids straight from the start

Brady Keys, Jr., owner of several Burger King franchises in the Detroit area and several Kentucky Fried Chicken franchises in the South, has been doing community work with children and youth for more than 20 years, because he believes you cannot have a healthy business without a healthy community.

Keys is "a natural" for such work; he is a walking role model. Although he grew up in a poor neighborhood, Keys played pro football, became a successful businessman, and is now the second-largest black employer in the Detroit area.

Maxine Willis has been involved in drug education and prevention for about 15 years and founded the nonprofit Beginning Alcohol and Addictions Basic Education Studies (BABES) program for children between the ages of three and 11. In November 1989 Keys joined forces with Maxine Willis to establish "Kids Enjoy Yourselves . . . Without Drugs," otherwise known as "K.E.Y.S."

"The K.E.Y.S. program is not just drug prevention. It's not enough to tell kids to say 'no' to drugs; you have to give them something to say 'yes' to, and that includes career options," explains Willis. K.E.Y.S. uses a variety of media, including a video, brochures for teachers and parents, storybooks and music to "plant the seeds for happy and healthy living."

Joan E. Herlong is a freelance writer in Greenville, South Carolina.

The K.E.Y.S. program also uses puppets to help children understand the dangers of drugs. The K.E.Y.S. puppets are lovable, huggable characters designed to help children develop good health habits and understand the dangers and effects of substance abuse; they include Zack the Lion, who helps children understand how to recognize and handle peer pressure; Renny the Bear, who helps them express their feelings; Sherie the Elephant, who helps children understand that they are special and unique; and Danszar Dinosaur, who helps them understand the importance of happy, healthy living and the dangers of drugs.

Both Willis and Keys emphasize that the research component of the K.E.Y.S. program is critically important. Willis points out that "We are research-driven because it is vital to reaching children effectively. Our program is not based on what we feel they should have, but what young people tell us stimulates and interests them. It is ever-evolving, to meet their constantly changing demands."

K.E.Y.S. targets children in preschool through the elementary grades, with special focus on three to six-year-olds. Keys explains the reason for working with preschool kids in particular: "We are losing an entire generation of black folks to drugs. Boys as young as five years old are delivering drugs for dealers. I've had to start hiring 14-year-olds in my restaurants to get them before they get into drugs, and I'm finding even with 14-year-olds it can be too late."

Principally financed by Keys himself, K.E.Y.S. is actively seeking outside funding. "The demand has got us running crazy. We have already worked in five states, and we are looking to go nationwide with this, absolutely," says Keys.

Keys has recruited his own franchise managers to help spread the K.E.Y.S. program, but the whole point behind K.E.Y.S., say its founders, is to provide the tools for everyone who wants to become active in drug prevention—restaurateurs, small business owners, clergy, teachers, parents. As Keys relates, "I told Maxine I want to develop a program for every person who wants to join the fight against drugs. We are trying to stay one step ahead of the drug problem, and to do that we've got to multiply ourselves and spread this [K.E.Y.S.] program as far as it can go."

Anyone interested in bringing K.E.Y.S. to his or her community can contact K.E.Y.S., 23828 W. 7 Mile Road, Detroit, Michigan 48219, or phone (313) 531-4966.

Putting peer pressure to work against drugs

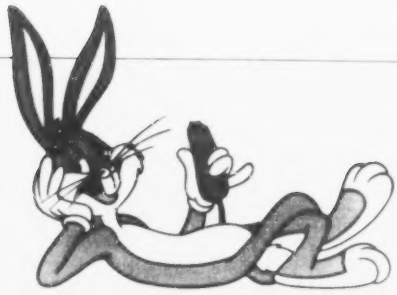
Larry Forehand, president of the 36-unit chain, Casa Ole Mexican Restaurants, in Houston, Texas, is all for making kids "chicken out" when it comes to peer pressure and drug use—especially if it's through the guidance of the "C.H.I.C.K.E.N. Club," founded by the local Optimist Club. An acronym for "Cool, Honest, Intelligent, Clear-headed, Keen, Enthusiastic and Non-interested in drugs or alcohol," the "Chicken Club" works to use peer pressure in a positive way to keep fourth and fifth-graders from being lured into drug use.

For $5, students become members and get a "Chicken Club" T-shirt they are required to wear to school every Friday. Forehand originally became involved in 1988 when the Optimist Club came to him for help. "A lot of kids couldn't afford the $5 fee," recalls Forehand. "So we donated $5,000 to sponsor memberships for low-income kids."

In addition to providing memberships for children, Forehand's restaurants actively recognize and support Chicken Club members in a personal way. Forehand explains, "One Friday every month, any child wearing his or her Chicken Club T-shirt gets a free Casa Ole child's-plate meal. Plus, anytime during the month of February, T-shirt-wearers receive a free child's plate."

Forehand says he is involved with the Chicken Club because "drugs are the biggest problem we face right now, so it just feels good to be doing something about it. We have received a very positive response from our customers; quite a few parents have thanked us for our involvement. There was one single mother of three kids who couldn't have afforded the Club without our donation, and she called

Cartoon all-stars to the rescue



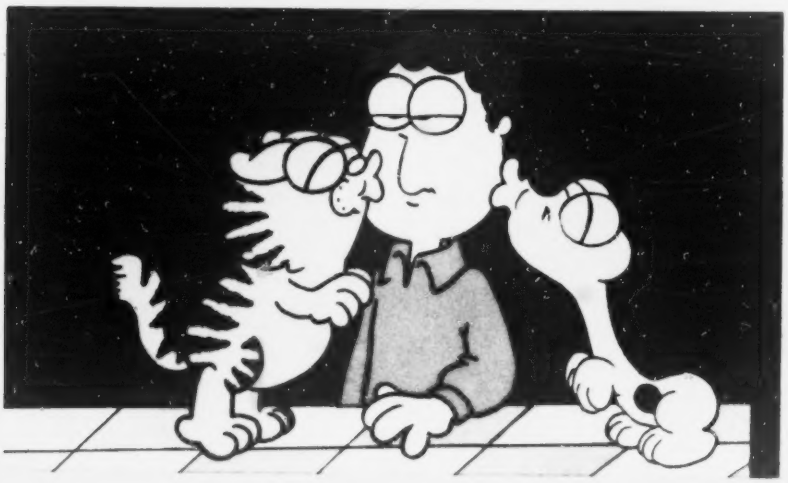
What better medium is there than television for grabbing the attention of kids to warn them of the dangers of substance abuse? None, especially when the program features an all-star lineup that includes such favorite cartoon characters as Bugs Bunny, Garfield, Teenage Mutant Ninja Turtles and Spiderman. The unprecedented anti-drug special, which aired on Saturday, April 21, on all major television stations was a joint effort by McDonald's restaurants and the Academy of Television Arts and Sciences (ATAS).

Ed Rensi, president and chief operations officer of McDonald's USA, says, "As a company that has had a long-standing relationship with children, we feel it's our responsibility to help them recognize and understand the dangers of drug and alcohol abuse."

The simulcast ensured that the special reached more than 20 million children between the ages of five and 11, the age at which research indicates children "are most susceptible." According to the National Institute on Drug Abuse, the average age of first drug use is just 13.

Ken Barun, executive director of Ronald McDonald Children's Charities, adds that reaching children is just part of the purpose of the special: "Our hope is that families will watch the program together and that parents will use this opportunity to talk with their kids about drugs."

As a followup to the broadcast, more than 250,000 videocassettes are being distributed to schools, video outlets and libraries for free rental throughout North America. Schools also received free teachers' guides and student handouts.



to thank us for making that possible for her kids. It's nice to know you can make a difference with someone."

"Zero tolerance" in the workplace

Edward Davidian, president of Country Manor Family Restaurants, based in North Canton, Ohio, has taken the concept of "zero tolerance" for drug abuse to heart in running his 10 units in the area. However, Davidian goes beyond saying "no" to drugs in his restaurants; he also encourages students working at Country Manor to say "yes" to education through his Drug and Education Program instated last summer.

In short, Country Manor's program requires all applicants to pass a drug screening before being accepted for employment. Once hired, all employees agree to remain drug-free during their employment, verified through random drug screenings. Country Manor also requires good grades of all its student employees: a minimum C average and a maximum of 16 work hours per week to allow time for study. Students who earn higher grades earn higher wages as well. Scheduling is flexible, to encourage dropouts to return to school.

Davidian emphasizes that his program is not a "witch hunt" but a way to discourage drugs and promote education. "Established employees who test positive for drugs have 90 days to seek professional help [covered by employee health benefits] and then re-test for drugs without risk to their jobs. Those who volunteer to be tested [as opposed to being singled out for random testing] and pass receive a $25 savings bond," explains Davidian. "Our goal is to hire and keep only the best. We pay well above the minimum, so our scale is higher, too. The response has been excellent. We lost a few people at first, but it has certainly stopped the influx of drug users—if there ever was one."

As an added incentive to earn good grades, Country Manor encourages high school employees to enroll in its college savings plan. If a student agrees to save at least 50 cents for every hour worked, Country Manor adds 25 cents per hour. Last year, the restaurants gave more than $6,000 to college-bound seniors. In 1990 Country Manor is working with some national suppliers to offer $2,500 to $5,000 in direct scholarships to its college-bound employees.

As a simple "service to the community," Davidian has also instituted two small anti-drug programs for customers. "Turn in a Crack House" forms are available at all Country Manor units. Patrons can fill out a card, anonymously, which is then turned over to the Star County Patrolmen's Association. "Stop Drugs Now" T-shirts and buttons are also on sale at cost at all 10 restaurants. Davidian says the "crack cards" and T-shirts "are an easy ongoing thing to do," and he reports customer reaction to the cards and T-shirts has been very supportive.

SURVIVING THE FRANCHISE SHAKEOUT

by Paul Moomaw

The franchise sector is in transition. The long-predicted restaurant industry shakeout has arrived or is on the way, according to many analysts. Lower sales-growth figures lead to nervousness among chain executives and finger-pointing by both franchisors and franchisees. A recent spate of activity by restaurant franchises underscores the point: Marriott sold its Roy Rogers chain to Hardee's. Del Taco/Naugles, the nation's second-largest Mexican fast food chain, changed owners for the second time in two years. Arby's fired its CEO, who was promptly hired to head Shoney's. And Kentucky Fried Chicken's attempts at updating franchise agreements were met with legal opposition from franchisees.

The battle for market share has heated to the boiling point. Inefficiencies that were tolerated during the go-go years of the '70s and '80s are no longer allowed. "The sheer demand covered up a lot of mistakes in those days," says Art Savard, senior principal at Franchise Systems Corporation in West Palm Beach, Florida. Savard describes the franchise sector in terms of a life cycle. First, there were scattered and fragmented players in the '50s and '60s. Then came the wave of demand that led to scores of new entries into franchising in the '70s and '80s. Now, the industry has reached a phase of maturation and consolidation. Old chains are trying to bring themselves up to date, a strategy that can cause tension with long-time franchisees. New chains are trying to squeeze into the established market the only way they can—by finding a niche.

The elements of a successful restaurant franchise are well known: acquisition of high-quality restaurant sites, delivery of a consistent product at all locations and cooperation between franchisor and franchisees. However, it is a formula easier to describe than to carry out. "The key to franchise success in the '90s is building a strong franchise system," says Janet Lowder, manager of restaurant consulting at Laventhol & Horwath in Los Angeles.

With the happy days of automatic double-digit sales increases over, how can franchises avoid conflict and stay healthy during this period of maturation? Six trends seem to be emerging, reflecting the different strategies companies are using to grow out of this tense shakeout phase.

TREND #1—NICHE MARKETING

This will be the most exciting trend to watch in coming years, as new entrants seek to become the recognized experts at filling the needs of a new market. "There will always be room for niche marketers," says Patrick Boroian, president of the franchise development firm Francorp, Inc., in Olympia Fields, Illinois. "Tom Monaghan proved that with pizza at Domino's. He was a niche marketer with a point of difference: a 30-minute guarantee. We're in an era in which McDonald's is becoming a full-service, full-menu restaurant. Even it has become vulnerable to niche players."

Indeed, Rally's 200-unit hamburger chain, based in Louisville, Kentucky, appears to be taking off with a new variation on an old concept. Rally's restaurants are drive-thru-only hamburger units offering a limited menu and quick service at low prices. "Rally's has franchisees interested because of the low start-up capital requirement," says Janet Lowder. With its small building size (no seating) and limited menu, a Rally's restaurant can be opened for only 40 percent of the cost of a McDonald's restaurant.

Playing up to the modern consumer's interest in healthy food, the Soup Exchange in Southern California is "growing like wildfire," according to Boroian. "It's the right concept at the right time: high fiber, low sodium and healthy."

Along with niche marketing goes the concept of regional marketing. Using regional marketing techniques, chains with traditional menus can seek to differentiate themselves and find a niche. For the 25-unit Two Pesos chain, based in Houston, regional marketing has become ever more important.

"You can change your product mix as a regional marketing tool," says Two Pesos director and former president Thomas Dietrich. "An example for Two Pesos is the chimichanga, which is a labor-intensive product. It is expensive to make, but very popular in our Phoenix restaurant, where we make and sell a lot of them. In

Paul Moomaw is a communications specialist at the National Restaurant Association

Houston, we don't serve them because there's not such a demand for them."

As established chains in traditional segments see saturation take a bite out of sales, niche marketers will turn the latest lifestyle and regional trends into successful franchises.

TREND #2—SHORT-TERM MARKETING TECHNIQUES

Short-term marketing techniques include heavy discounting and advertising, as opposed to changes in food presentation and service. The goal is to gain market share in this time of savage competition.

Franchises in the '60s, '70s and early '80s grew in market share by stealing customers away from independents; now they must take customers away from one another. The quickest way to do this is through discounting, although common wisdom holds that discounting erodes the perceived value of menus in the long run. "Unless you're the low-cost provider," says Art Savard, "you probably can't win a discount war." Savard, a former marketing executive with Coca-Cola, would like to see greater emphasis on in-store marketing and service.

Among the large chains, television advertising has been and will continue to be a major marketing focus. Television allows chains to sell customers a lifestyle as well as a food product. Recent advertising and marketing efforts by established chains have often focused on children. This recent focus may be an attempt at steering the families of baby-boom parents toward a particular restaurant. Or it may just be a tip of the hat to McDonald's and its marketing success with children.

Couponing and product giveaways are expensive marketing techniques sometimes decried by analysts as being counterproductive in the long run. Nevertheless, the largest industry players probably have a lot to gain from short-term marketing strategies. Discount pricing hurts firms with deep pockets much less than it does smaller competitors who may not be able to last through a shakeout period.

TREND #3—MULTI-CONCEPT FRANCHISE COMPANIES

"The company to watch in the future is PepsiCo," says Rob Ross, an associate at Technomic, Inc., a foodservice consulting firm in Chicago. Indeed, PepsiCo has already built a mammoth restaurant empire of more than 19,000 outlets in a short amount of time through its purchase of Kentucky Fried Chicken, Pizza Hut and Taco Bell. Pizza Hut and Taco Bell both experienced explosive sales increases in 1989, reflecting PepsiCo's tremendous marketing power.

PepsiCo's restaurant strategy is built on diversification; with three distinct segment leaders on its corporate plate, the company is not hostage to the current hot segment. In fact, PepsiCo is looking into linking the three huge chains into a hybrid restaurant concept. In Cleveland, an all-PepsiCo food court has been opened with separate stations for Pizza Hut, Taco Bell and Kentucky Fried Chicken.

The Cleveland experiment belongs to Pizza Hut, but the arrangement is simplified by the waiver of licensing and royalty fees by KFC and Taco Bell. In return, the sister companies have the right to conduct similar experiments. Taco Bell has its own synthesized version of an all-PepsiCo restaurant in Columbus, Ohio. It features all three concepts in a merged-menu, single-counter format.

The benefits of these hybrids could be numerous. Blending the concepts can lead to more efficient usage of seating capacity by balancing a restaurant with a strong lunch crowd with one that is a strong dinner draw. Labor savings may result, too. At the Cleveland food court, hourly workers are being cross-trained for work at all three concepts.

PepsiCo's strategy may suggest that the franchise sector has reached the consolidation phase in recent years. "With its various restaurant concepts, PepsiCo is able to move its resources around so that it has the best chance to win the battle for market share," says Savard. By slashing prices at its Taco Bell units and boosting volume, for example, PepsiCo put the squeeze on other players in the fragmented Mexican segment in 1989.

TREND #4—STRATEGIC ACQUISITIONS AND SALES

Through the strategic acquisition of Marriott's Roy Rogers restaurant chain, Hardee's accomplished with one stroke of the pen what would have taken years otherwise. By adding 600 stores, mainly in the Northeast, Hardee's is making it plain that it intends to survive the burger wars. Parent company Imasco Ltd. provided the financial muscle to pull off the deal. Hardee's not only gains several hundred stores as operators, but it also loses an equal number of competitors.

PepsiCo, too, has made its share of strategic acquisitions. Its new strategy for Pizza Hut, for example, is built around rapid expansion of takeout/delivery-only units that will take on Domino's head-to-head. The company recently purchased more than 200 restaurant sites from a donut

Eric Westbrook

chain. These sites will be converted to Pizza Hut takeout/delivery stores.

Look for further consolidation in coming years as cash-rich companies look to diversify within the restaurant segment or increase the clout of their marketing dollars by making strategic acquisitions. These companies will be out to prove that bigger is better. Swapping small restaurant chains like baseball cards will be part of that strategy.

TREND #5—UNIQUE OWNERSHIP ARRANGEMENTS

At Howard Johnson's restaurants, you aren't likely to see any squabbling between franchisor and franchisees in the near future. Why? Because the two parties are one and the same, thereby sidestepping some of the tension that is inherent in the franchise structure. "I don't know of another arrangement like it," says Arthur Barrett, president of Franchise Associates, Inc., in South Weymouth, Massachusetts, the franchisee-owned company that is overseeing Howard Johnson's restaurant comeback.

Weary of the absentee owners and ownership changes that crippled Howard Johnson's in the 1980s, a group of successful franchisees (some of them third-generation operators) grouped together and formed Franchise Associates in 1986 with a commitment to rejuvenating the Howard Johnson's restaurant concept. Catering to seniors and families, the new version of Howard Johnson's seeks to attract a '90s audience with updated decor, a new menu and a new logo.

Under the new franchise agreement, franchisees pay royalties of only 1.5 percent of sales, "the lowest I know of in the industry," says Barrett. He adds with a laugh, "The franchisees are setting it themselves, of course."

Even more recently, Domino's Pizza announced that it was studying the possibility of an employee stock ownership plan (ESOP), a program under which the company's employees would acquire its stock. Like the Howard Johnson's arrangement, this ownership plan would bring performance incentives even closer to unit operators, as their success would ride on that of the chain's.

TREND #6—GLOBAL EXPANSION

This well-documented form of franchise expansion will continue to be a major source of growth, particularly for chains with a trademark name that can attract customers anywhere in the world. With the domestic franchise market increasingly competitive, a more level playing field can be found in other countries.

Fully 30 percent of McDonald's revenues now comes from overseas units, and its expansion plans are not expected to slow anytime soon. "McDonald's is far and away the market-share leader in Europe, compared with other chains," says Michael Mueller, general partner and senior analyst at Montgomery Securities in San Francisco. Similarly, Kentucky Fried Chicken is poised for more growth, with a particular focus in Asian countries. Smaller chains, too, are infiltrating Canada, Europe and Asia, nearly always with the help of a joint-venture partner in the host country. The emergence of free-market economies in Eastern Europe may help boost the ability of American firms to franchise there in the near future. By expanding to other countries, some restaurant franchises hope to run away from the problems plaguing operators in U.S. urban locations.

Surviving the shakeout

Franchise-sector growth will continue in coming years, but not for everyone. Both sales and unit growth will be slowed at some chains as the fight for market share becomes ever more intense. Tapping into the six trends above, some franchises will roll with the hard times by finding a new niche; others will look to marketing, expansion, consolidation, acquisitions or new ownership agreements. ❑

Viewpoint

Revitalization is a major restructuring of format, market positioning and business systems that repositions the restaurant to drive growth and strengthen financial performance.

RESTAURANT REVITALIZATION

HOW TO GROW PROFITABLY AGAIN

by Barbara Cohen

All restaurant formats eventually mature. Markets become saturated; customer preferences change; new restaurants take business from established ones. As the restaurant format matures, sales growth slows, margins decline, cost pressures mount and the bottom line suffers. Many restaurant executives initially respond to these developments by making larger investments in marketing and promotion, but more often than not they find themselves buying a larger share of a diminishing market and at a declining level of profitability.

To avoid this downward spiral, the restaurant executive must select the best way to grow the corporation in a tough environment. Aggressive revitalization of the core business can be the key to success.

What is revitalization?

Revitalization is a major restructuring of format, market positioning and business systems that repositions the restaurant to drive growth and strengthen financial performance.

The key words here are "major" and "financial performance." Revitalization means much more than new chairs or a salad bar. It may well involve changing nearly every aspect of a restaurant and restaurant operations. Merely stimulating sales is not enough; the result must be much better bottom-line performance.

When to revitalize?

Revitalization is the appropriate strategy when three key conditions are in place:

☐ *The core business contains significant, leverageable strengths.* These can be tangible advantages, such as good locations or an efficient distribution network, or intangibles, such as a well-known brand name or a strong market image.

☐ An objective review of internal strengths and weaknesses—as well as an understanding of competitors and consumers—indicates that *revitalization has a good chance to succeed.*

☐ *Management is committed to its success.* Because revitalization will require integrated, simultaneous change across multiple functions, it will require cooperation and commitment of people who do not usually work together. The transition can be confusing to employees, shareholders, franchisees, the financial community, suppliers and customers. Frank, continuous communication with all of these parties is critical, as is detailed planning.

Six Rs of revitalization

There are six key dimensions to revitalization—six interrelated levers that must be pulled in concert:

1. *Refocusing* on the consumer, to ensure that menu and services give a compelling reason to eat at the restaurant. This may involve adding new items or lines or cutting back or eliminating others.

2. *Restructuring* the network to capitalize on existing value. This may include closing restaurants.

3. *Redesigning* the restaurant layout to reflect the new marketing plan, such as the size of outlets, the fixturing, etc.

4. *Revamping* the business systems to support the overall strategy. This may include making changes in the delivery system, information systems or physical distribution, or in less-tangible systems, such as organizational structure.

5. *Reaching out* to customers to raise awareness, get them in the door and encourage them to buy. This step involves advertising and public relations.

6. *Recognizing* the need for critical mass (i.e., appropriate market coverage) to achieve competitive economics and visibility in the market. Research confirms that only local market awareness is relevant to keeping a given restaurant at top-of-mind—thus the importance of having enough outlets in a given market.

The six Rs are interactive

Although many restaurants have plans to tackle some of the "Rs," most lack an overall strategic vision or roadmap to link them together. The roadmap increases the likelihood of success for a revitalization and streamlines the efforts.

Sizzler is a good example of a restaurant that is pulling the levers to revitalize its core businesses to stimulate growth and improve bottom-line performance.

When Sizzler entered the marketplace, red meat was a staple of a well-balanced diet. The restaurant's low-budget, family-oriented positioning reflected its market. But over time, Sizzler customers and their preferences changed. Consumers began to reduce their consumption of beef in an attempt to lower their cholesterol levels and lose weight.

Sizzler decided that updating the steakhouse's format was critical. The revitalization process began with a recognition of the company's two significant assets: brand-name recognition and good restaurant locations. Because Sizzler had not strayed from its core mission, management did not need to *restructure the network* by exiting less relevant businesses.

However, management did give more health-conscious consumers the meals they wanted. The product line was *refocused* to include chicken, salads and seafood. The production system was *revamped* modestly to provide the new menu.

At the same time, the dated decor was *redesigned* at significant expense, and plant-filled atriums and natural wood were used to create a brighter, more-open atmosphere that radiated health.

Sizzler also *recognized the need for critical mass* during revitalization. Confident of its strategy, Sizzler purchased and redesigned 80 units once owned by a competitor, using these locations to spearhead moves into key-growth markets.

Management *reached out* to consumers, using targeted, flexible media to communicate the message that Sizzler had what today's customers want to eat.

Sizzler's efforts in responding to customer needs and diversifying the menu have paid off; the company produced outstanding returns on net assets of five percentage points from 1987 through 1989. Now that broiled seafood and the salad bar are big sellers at most locations, Sizzler continues to experiment with new possibilities. On the drawing board are hot-appetizer, deli, brunch and dessert bars. ❑

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HOW TO STRETCH YOUR MARKETING DOLLARS AND CREATE GOODWILL

by Claire Regan

PARTNERS IN PROMOTIONS

Is it safe to assume that pizza eaters are movie fans? Or that patrons of a midscale pub and eatery enjoy traveling? Or that corporate patrons of a worksite cafeteria might be interested in high-fiber breakfast selections? It is not only safe to assume these associations, it is smart. In this day and age of tight budgets, savvy business people are looking for ways to stretch their marketing and promotional dollars. Joining forces with other businesses is one way of doing just that.

A joint or cooperative promotion involves two businesses that together promote a product or service for their mutual benefit. Joint promotions not only extend promotional dollars, they also provide the promotional partners with access to a wider market base than each would have on its own.

Pizza and cable movies

For instance, Domino's Pizza, Inc., is teaming up with Showtime Network (a cable television network) for a summer 1990 cross-promotion. "Let's face it, our advertising and promotion budgets are never as big as we would like. Through combined efforts we can reach a bigger and better audience than we could reach separately," explains Burke Cueny, director of national advertising for Domino's. As part of the Showtime tie-in, Domino's will offer a $10 rebate coupon on new Showtime or The Movie Channel subscriptions with a pizza purchase. Plus, customers may enter an on-air sweepstakes when they purchase a pizza. Concurrently, Showtime will include Domino's discount coupons in its direct-mail pieces. According to Cueny, the pairing of Domino's and Showtime is a natural. "Domino's customers are more likely than the average homeowner to subscribe to cable, and Showtime subscribers are more likely to order Domino's."

Claire Regan is manager/staff nutritionist at the National Restaurant Association.

Promotions with neighborhood merchants

You do not have to be a national chain or have access to a cable-television network to benefit from cross-promotions, however. Joint promotional opportunities for independent operators abound, and many are available in a restaurant's own neighborhood. Local businesses can work together to promote products and services, distribute coupons and pool

Chain and independent restaurant operators are uniting with other businesses to stretch marketing dollars. Among their new promotional partners are travel agents, cable television networks, local theaters and commodity trade groups.

"Cruzin' with the California Raisins" table tents were just one of the items in a merchandising packet made available by the California Raisin Advisory Board.

A joint or cooperative promotion involves two businesses that together promote a product or service for their mutual benefit.

advertising money. Sherri Van Saxon, a marketing consultant and author of the National Restaurant Association's *Promoting the Neighborhood Restaurant—A Local Store Marketing Manual*, views cross-promotions as an excellent way to increase sales and exposure in the community. "Cross-promotions are a means of getting someone else to hand out your message [to his or her customers] at no cost to you beyond the cost of printing and paper," Van Saxon explains.

One-way cross-promotions

There are two types of cross-promotions. There are one-way cross-promotions—in which another merchant distributes your coupon as an added value to his or her customers. And there are two-way cross-promotions, in which a joint promotion is offered to both your customers and your promotional partner's customers. First let's look at one-way cross-promotions, which Van Saxon believes are the best kind because the restaurateur will pay for all the production and printing of the special coupons.

The key to success at this stage is to make each cross-promotion unique and special.

1. Fit the offer to the partner. Think about a potential partner's customer base and develop each promotion and coupon to interest those specific target customers.
2. Make the offer for a limited time only. Remember, you are trying to attract a new group of customers.
3. Only sponsor one promotion at a time. This gives you better control and allows you to tell your partner that this offer is being provided only to his or her customers.

Guidelines for one-way cross-promotions

1. If it's a small business, approach the manager or owner directly. If it's a larger business, call ahead and make an appointment.
2. Introduce yourself and explain the idea for your cross-promotion. Convince the prospective partner that you are providing a "gift" for his customers absolutely free.
3. Explain that you will pay for the printing of the coupons or fliers, so it will not cost your partner anything.
4. Explain that you will give your partner's business the credit for the special discount. Present it as an added value he or she can give customers to thank them for their business.
5. Find out your partner's average customer count for an agreed-upon time period, generally no longer than two weeks, so you can print up the right number of coupons.
6. Get a copy of the business's logo so you can design the coupon to read "Compliments of [partner's logo]."
7. It is always a good idea to give the owner or manager a free meal card or even invite him or her to lunch as a thank you for the effort. You may choose to provide the establishment's employees with a discount card or coupon in appreciation for their efforts in distributing your offer. This discount should always be greater than the discount on the coupons that the employees will be passing out to customers.

Guidelines for two-way cross-promotions

Many of the same rules in the one-way explanation apply in setting up two-way cross-promotions. However, here you are attempting to convince the prospective partner that both of you can generate more traffic by "trading" customer bases.

You should explain all of the benefits of a cross-promotion that you have already received in previous programs with other merchants. You may wish to show examples of the coupons or fliers you have used in previous efforts.

Because both of you are going to benefit, you should try to convince your prospective partner to pay for half of the production and printing costs—or a percentage—if the customer bases are uneven.

You should also advise your partner to track the number of coupons returned. If you have selected your cross-promotional partner wisely—a partner who has the same type of customers that visit your restaurant—he or she should be pleasantly surprised at the number returned in exchange for a very low investment in time and money.

—Excerpted from *Promoting the Neighborhood Restaurant—A Local Store Marketing Manual*. If you'd like to order a copy of the book, call the association's Information Services Department at 1-800-424-5156.

How to set up cross-promotions

The most important idea to remember when setting up cross-promotions is to convince your potential partners that you are offering them a valuable gift for their customers, their club members or their tenants.

Do your homework before you approach anyone. Perhaps you have just added two new low-fat, low-sodium entrees to your menu, and you want to advertise the new offerings to potential customers.

First, collect any articles you can find about the fitness and healthy-eating trends. Next, write down the calorie and nutrient information on your new items and gather any additional information you can find about consumers' preference for foods that are good for them.

Make an appointment with the owner of the health-food store around the corner, the manager of the fitness center down the block or even with the director of the local senior citizens' recreational center.

Show them your articles and talk about the increasing interest their customers or members have in restaurants that offer menu items prepared with these concerns in mind. It is not necessary that you have special items on your menu. The same approach can be used if you offer grilled fish or chicken or a variety of salads.

Once you have the potential partner's attention, explain that you wish to provide his or her customers with a special discount coupon and that the coupon will state that the discount is "compliments of" his or her store, club or center.

Tell the retailer or manager that you

The five-unit Chancery Pub and Restaurants in Wisconsin used this eye-catching poster of a "granny in cleats" to advertise a cross-promotion idea it arranged with a local travel agency—a contest giveaway in which the winner received an all-expense-paid trip for two to the Super Bowl.

is required to do little beyond printing a coupon that another merchant distributes.

A neighboring theater provided the perfect one-way cross-promotion partnership for Baby Routh, a 150-seat upscale restaurant in Dallas. "The Theater Three is within walking distance of the restaurant, so we met with the theater manager to explore opportunities for cross-promotions. We decided to offer discount coupons to season subscribers, redeemable during pre and post-theater periods. It has been a very successful venture for us," says Becky Murphy, director of marketing for Routh Street Investments, the partnership that manages Baby Routh. The restaurant also offered a discount to financial supporters of the Dallas Symphony. "The developers built a new performing center with cost overruns, and so they solicited donations through telemarketing. We offered a 15-percent-off coupon good on any Sunday or Monday, our slow days, to be included in mailings they sent to those who pledged. We were responsible for the printing and the cost of the discount, and the symphony did the mailing," Murphy reports.

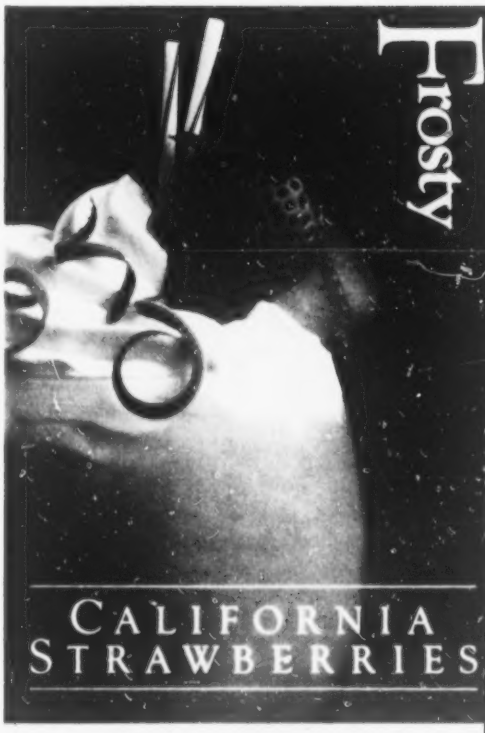
According to Sherri Van Saxon, presenting a promotion as an exclusive bonus to a promotional partner's customers is key to selling the concept. "Present it as an exclusive bonus they can offer their customers at no cost other than distribution. But put the partner's name on the materials, so their customers view the discount as a paid premium," notes Van Saxon. This not only increases the perceived value of the promotion, but it also protects the restaurant's price credibility.

Another version of a one-way cross-promotion is to encourage neighboring businesses to use your restaurant as a locator in their promotional materials. Although this may be restricted to operations with name recognition, Bill Gillespie, a co-owner of The Shore Bird Restaurant (a 160-seat destination restaurant in Princeton-by-the-Sea, California), recommends it enthusiastically. "Being used as a locator is one of the neatest promotions. A bed-and-breakfast opened up next door to us. It was first-rate and compatible with our operation, so I approached the owner and asked him to add a line in his printed materials, 'Next door to The Shore Bird Restaurant.' It increased exposure," Gillespie says.

Two-way cross-promotions

Van Saxon also recommends two-way cross-promotions, in which a restaurateur and another business exchange coupons to distribute for each other and in so doing trade customer bases. "Two-way promotions require added effort and pose a problem when the patron bases or customer counts are uneven. In this case you must decide who pays for what portion of the printing costs. But two-way promotions allow you to offer your patrons added value or a little surprise. Plus, you can generate more traffic by trading customer bases," Van Saxon adds.

In an effort to help restaurants sell strawberry items, the California Strawberry Advisory Council offers free promotional materials, such as giant crepe strawberries and this table tent, which features a delicious-looking strawberry drink.



After he established a rapport with his bed-and-breakfast neighbor, Bill Gillespie approached him with an idea for a modified version of the two-way promotion. "We developed a brochure promoting a Christmas package and mailed it to CEOs in the Bay [San Francisco] area. We suggested an overnight Christmas party for their board of directors, including dinner at The Shore Bird and overnight accommodations at the bed-and-breakfast," says Gillespie. "We split the printing costs, but we each used our own mailing lists."

Gillespie recommends maintaining control over your mailing list at all times. "Don't ever give it out; you don't need to. Hire a third party to do the mailing if you have to. You never know when the relationship will change—and if your partner has your list, he or she won't need you any longer," Gillespie warns.

Yet mailings are not a requisite for two-way cross-promotions. David Engel, marketing director for De Rosa Corp., teamed up with a local travel agency for a Super Bowl promotion in De Rosa's five-unit Chancery Pub and Restaurants located in southeastern Wisconsin. The promotion was focused around a contest giveaway in which the winner received an all-expense-paid trip for two to the Super Bowl. "The travel agency donated the trips in exchange for an opportunity to promote its cruise services. We offered a highly respected foodservice outlet and exposure to about 20,000 patrons a week. The agency displayed its services in our hospitality area (glass cases at the restaurant entrance) and used one side of our lucite table tent. We allowed a travel agent on the premises one day a week, and we trained our waitstaff to answer questions about the travel services," Engel explains.

"The Great Chancery Super Bowl Giveaway" ran the length of the professional football season, and the results were outstanding, says Engel. He reports that bar receipts increased more than 15 percent, and he attributes much of the success of the promotion to an employee incentive. "We offered another Super Bowl trip for two to the bartender with the greatest sales increases. If you can tie in an employee incentive to your promotion, it will work for you 10-fold," Engel guarantees.

Bill Holliday also offers an incentive in his cross-promotions—but it is to his promotional partners rather than to his employees. Holliday's 185-seat family restaurant, Happy Hollidays, in Westerly, Rhode Island, is located just off an interstate highway heavily traveled by tourists. Holliday makes sure the gas stations that surround him in three directions recommend his restaurant to inquiring visitors by arming them with his business card, complete with map and directions to the Happy Hollidays Restaurant. "I ask the service-station owners to sign the cards, and the customer brings it in. Once a month I have a drawing (from among the cards), and the winner gets a free dinner in appreciation for the referrals," Holliday explains. Holliday also leaves complimentary drink coupons at local hotels that do not offer food and beverage service. This attracts potential patrons who often stay for dinner, Holliday reports. He feels he gets more of a direct return using these promotional techniques than he would if he paid for an ad. "Plus, it's a personalized approach. I talk to the patrons and get to know them."

Working with commodity organizations

In addition to approaching local businesses, foodservice operators also can develop promotions in conjunction with commodity trade associations, distributors and manufacturers. These groups often are willing to work with operators who will develop a promotion around their products. Because they provide new menu ideas and a break in the monotony, product-specific promotions are particularly well received in cafeterias and other foodservice operations with a high percentage of repeat traffic. Recipes, table tents, posters and buttons are some of the materials that are available from commodity groups and distributors.

Karen Vartan, R.D., principal of MarketLink, a foodservice consulting firm in Chicago, says that distributors and commodity organizations often provide promotional materials—whether generic, semi-customized or customized. "The dry-pea-and-lentil group worked with Pegler-Sysco Food Services Company (a Lincoln, Nebraska, distributor) to develop generic promotional materials to coincide with split-pea-soup week, the second week in November. Operators who used the promotion experienced an average increase of 17 percent in all soup sales," Vartan reports.

"Large-volume independent operators or small chains qualify for a semi-customized promotion, if they're well organized. They might receive some generic materials, like posters, plus some customized materials, such as buttons or table tents," Vartan explains.

Chains with considerable volume usually have enough clout to be eligible for customized promotions. Such was the case when Marriott's Food and Services Management Division approached the California Prune Board to participate in the cancer-awareness segment of its wellness program. Amelia Catakis, Marriott's director of professional services, explains how the partnership developed. "We worked with our procurement people and we approached a combination of supporters for this project, since not all of the resources were available to us at a reasonable

Don't ever give out your mailing list; you don't need to. Hire a third party to do the mailing if you have to.

price. The California Prune Board and Quaker Oats developed recipes for our high-fiber breakfasts and provided revenues for photo shoots and other materials."

Tamsen Salvador, senior account executive at Ketchum Foodservice, which represents the California Prune Board, believes the promotion served the prune board well. "Promotion-sales results underscore the tremendous popularity of the prune items in more than 900 of Marriott's cafeterias. Bulk prune purchases increased 28 percent during the first quarter of 1989 (the initial promotion period), and some of the recipes developed for the promotion have been incorporated into the permanent menu cycle." Ketchum also represents the California Raisin Advisory Board on a generic promotion kit with the theme, "Cruzin' with California Raisins." The free-of-charge merchandising kit features recipes, serving suggestions and colorful point-of-sale materials designed to resemble a California license plate.

Cindy Butler, marketing coordinator for the Strawberry Advisory Board in Watsonville, California, points out that in addition to generic materials, most commodity boards do have some money available to assist foodservice operators with promotions. "We do research to decide where to target, and decide what segment needs our support, based on the research," Butler claims.

When you attract the type of clientele that Neiman Marcus does, you may find promotional partners seeking you out. Beverly Merritt, menu promotion and advertising coordinator for Neiman Marcus foodservice, headquartered in Dallas, has coordinated more than one successful cooperative promotion and reports that her partners "often come to us. The partners assist financially to develop printed materials and offer cash prizes as staff incentives." "Lemon Deluxe," a promotion Merritt developed with Sunkist, featured daily special menu items that incorporated lemons. Plus, restaurant patrons received gift bags that included a lemon, a juicer and recipes. "Sunkist publicized the promotion by sending press kits to food editors that included an invitation to a luncheon at Neiman Marcus," Merritt explains.

Cross-promotions as community services

Cooperative promotions also can double as community-service activities when promotional partners are groups like the American Cancer Society or the American Heart Association. When Carolyn Sande was with Shanghai Red's Restaurant and Night club in Weehawken, New Jersey, she couldn't say enough about the benefits of such a partnership. Her collaboration with the Hudson County unit of the American Cancer Society resulted in Shanghai Red's "Good Health Menu," which featured menu items from the American Cancer Society's cookbook. "The project generated very positive publicity for us. Plus, we reached a group of patrons (health-conscious) that we hadn't been drawing in," notes Sande. The Good Health Menu included two appetizers, four entrees, two desserts and a daily special, with such selections as artichoke-tomato salad with lemon dressing; crab-stuffed mini pitas; sole poached with tomatoes, artichokes and mushrooms; chicken Dijon; poached pears and peaches with raspberry yogurt sauce.

Diners who selected from the Good Health Menu were also contributing to the American Cancer Society. Shanghai Red's donated one dollar for each entree and 50 cents for each appetizer and dessert ordered from the menu. Sande believes that the donations enhanced the success of the promotion. "I think patrons found this to be an easy way to support the American Cancer Society," she speculates. Since about 10 percent of sales were from the Good Health Menu, Sande estimates Shanghai Red's raised close to $2,000 for the cancer-fighting group.

You can be thoughtful

Even if you have no interest in a planned cooperative promotion, you can promote neighboring business by being thoughtful, says Bill Gillespie. "A photographer was in our restaurant taking a photo for the California AAA magazine. He wanted a bottle of wine in the picture, so I got one that's produced by a local winery and displayed the label prominently. I sent a copy of the article to the winery, and the winery mentioned us in its newsletter, recommending The Shore Bird to its visitors. People remember."

Choose your partner carefully

Foodservice operators who have engaged in cross-promotions caution others to pick their partners wisely. "Make sure the two organizations complement each other and together make a nice package. Look for a partner with similar objectives, a similar corporate philosophy and a similar target market. You need a common element or mindset," explains Burke Cueny, director of national advertising for Domino's Pizza. "Pick a compatible partner, not a competitor—someone you trust and can work with and who has a good reputation," warns Bill Gillespie of The Shore Bird Restaurant in Princeton-by-the-Sea, California, who learned the importance of reputation the hard way.

"We were working with a local charter-boat operator who was running whale-watching tours out of the Bay. He was purchasing radio-ad time; and to get a quick mention in his ad, I suggested he run a contest, in conjunction with the radio station, offering a prize of a free whale-watching trip with complimentary brunch at The Shore Bird. The contest was a great success. We got all kinds of radio mentions for the low cost of 43 brunches," Gillespie boasts. But unfortunately the charter-boat operator had overextended himself and never paid the radio station for the air time. Unknowing, Gillespie approached the station with another promotion idea only to receive a cool reception. "But I'd do it again," vows Gillespie. "The risk was low, and the returns were high. The only thing I really lost was a good relationship with the folks at the station, and that was fairly easy to rebuild."

RESTAURATEURS TURN TO OUTSIDE ACTIVITIES TO RELIEVE STRESS

THE GREAT ESCAPE

"Until Americans can learn to relax, stress will kill them," warns Jan Robbins, owner of San Francisco's Corporate Stressbusters, an organization that uses massage to rid people of stress. "We're playing Russian roulette with our bodies because we're going so fast. Caffeine, alcohol and adrenaline are the cycle we're on. We're so used to revving at such high levels that we've gotten addicted to being in a crisis situation all day. We can't sit down for 15 minutes."

Three-fourths of Americans admit their jobs cause them stress. Among restaurateurs the percentage is especially high. Robbins believes one reason is the uncertainty they face. "Is a new trendy place going to take over? Why does one restaurant make it and stay popular and others don't?" Their other worries are the fast pace of their jobs followed by slack times, keeping up their establishments' standards, pilferage and the perishability of food.

Stress comes from the Latin word *stringere*, meaning "to draw up." It is the body's response to stimuli. It may be the biggest management headache of the 1990s because it's so difficult to detect and it's costly to businesses. *Industry Week* magazine estimated that employers lose more than one million days of work and more than $20 billion in worker's compensation as a result of stress-related absenteeism.

Anxiety is so commonplace that researchers at the National Institutes of Mental Health say it is the number-one mental-health problem in the United States. "Seventy-five percent of all visits to a physician are for stress-related illnesses," believes Reed Moskowitz, M.D., medical director, Stress Disorders Medical Services, New York University Medical Center in New York City. Stress specialists recommend 20 minutes of relaxation exercises a day.

The warning signs of stress are intestinal distress, headaches, rapid pulse, frequent illness, insomnia, persistent fatigue, irritability, nail biting, lack of concentration, increased use of alcohol and drugs, hunger for sweets, jumping with alarm at sudden noises, an inability to complete routine tasks, hair loss, skin rashes and subtle mood changes.

Effects of stress include hyperventilation, in which the person feels he can't catch his breath. Excessive perspiration explains why the hands may feel cold and clammy. A reduction in saliva results in a dry mouth. The dilating and constricting of the skin's blood vessels cause flushing and hot and cold flashes. The bladder, stomach and bowel muscles contract, which can bring frequent urination and gastrointestinal distress. Prolonged stress can increase the risk of developing cardiovascular disease, rheumatoid arthritis, chronic headaches and gastrointestinal disorders, such as peptic ulcers.

Here are some interesting ways restaurateurs rid themselves of stress:

Driving fast on his 1985 Honda V65 Sabre motorcycle helps Rick Hough, 38, manager of Boston's Durgin Park restaurant, the nation's 14th largest, reduce his stress level. "Riding the motorcycle is exhilarating," he says. Other outlets for Hough's nervous energy are gym workouts almost every day, "which stabilize the functions of the body so natural breathing occurs," and listening to "purposefully strident, simplistic, silly, dumb music by latter-day punk bands. I like the volume and impact."

Max Karl Winkler

Massage is Americans' favorite antidote to stress. Nothing kinky, just a way to get out the kinks. By stimulating the blood circulation and the oxygen flow through the muscles, therapists explain, a massage helps lower blood pressure, speed up the healing of injured tissues and aid in keeping muscles supple.

Once a week Al Falchi, 55, owner of San Francisco's Waterfront Restaurant, pays $35 to one of the country's 500,000 massage therapists. "He can feel the tension in my back and neck muscles. It's gone in one hour," Falchi says.

At 5 feet, 10 inches and 175 pounds, Falchi is in good shape because he works out with weights and runs two miles every day from 6 to 7:30 a.m. with a personal trainer he pays $35 an hour. "We run around San Francisco on a 24-mile course. At that hour there is no traffic or carbon monoxide, only clean air," he says.

San Francisco's earthquake last October 17 did no damage to Falchi's restaurant, but it knocked him out of business for a while, nevertheless, because it disrupted people's lives. "In one month I lost $250,000. That's stressful," he says.

Exercise reduces tension levels by 25 percent, wrote William P. Morgan and Stephen Goldstein in *Exercise and Mental Health* in 1987, and moderate exercise reduces tension more effectively than tranquilizers. That is why Bernard Michel, 47, manager of Seattle's four-star, four-diamond Hunt Club in the Sorrento Hotel, rides and trains West German-bred horses eight hours a week. At the club, Michel averages 10 to 12-hour days, six days a week. "I feel stomach stress and fatigue at the end of the day," he says. "Trying to control a 1,200-pound animal bred for cavalry use and not thinking of the restaurant business and what I'm doing in the next hours help reduce stress. I sweat and my heart pumps. This is good tiredness."

Cornelia Bell, 37, releases stress with horses, too. She receives "no negative feedback or anger when I deal with animals." She is the head bookkeeper for Atlanta's Anthonys Restaurant. "I play with my four-year-old unbroken horse named Bones. I feed him, talk to him and pet and brush him. It's peaceful playing with him." She also owns two cats and seven-year-old, 175-pound Waldo, a St. Bernard. "He's almost as big as the horse. He sits on my lap."

Edd Hendee, 38, owner of the 186-seat Taste of Texas Steakhouse in Houston, recalls reading the Cornell Hotel and Management School's 1987 study on time management, which stated that restaurateurs experience an average of 58 unexpected interruptions a day.

"We live on the front battle lines without secretaries to insulate us in the office, and therefore we get interrupted. Problems repeatedly happen all at once." The three biggest problems, he points out, are service and staffing, lack of his staff's following through with details, and maintaining a consistent quality in the food product.

"Frustration comes from blocked goals. At the end of the day, I take the biggest problems and write them down in priority order and solve them one at a time."

Religion is also helpful to Hendee. During the day, "any time, any place," he prays. "I bring problems to someone I trust. Talking to Him makes my problems sound manageable and helps me organize them. I ask for His wisdom and guidance, and it reduces my anxiety."

Last year, Hendee, a University of Houston graduate, ran the New York City marathon. It was his first long-distance run. He completed it in four hours, 18 minutes. "It gave me balance and a goal. It dropped my heart rate, blood pressure and cholesterol level." He now jogs three to six miles, three times a week. "It reduces adrenaline and keeps me away from the phone. I'm all kinked up after a stressful day."

Once every three months Peter Petroni, 25, manager of San Francisco's Basta Pasta, visits an acupuncturist who sinks nine needles into his shoulders and neck to relieve the stress of his demanding job. "It feels great. I sit for 15 minutes with the needles. It's better than any pill a doctor gives you because it's natural." Petroni has been using acupuncture treatments for nearly three years and prefers this approach to medication.

When Jerry Hasenkamp, 37, general manager of Brother Sebastian's Steakhouse and Winery in Omaha, arrives home from work he sits for 20 minutes in his hot tub's 106-degree water. "It loosens my neck muscles. My work's improved 60 percent since I began using the hot tub. I'm not so crabby either."

Mats Lonnemo, 30, manager of the 130-seat Red Bull in Ann Arbor, Michigan, works on his 100-year-old house to unwind. "Making cosmetic changes, putting in a new wall and landscaping focus my attention on something other than the restaurant business."

William L. Falt, 57, president/owner of 450-seat Joe Tess' Place Restaurant in Omaha, walks to rid himself of stress. "It's soothing to walk an hour and a half—about four miles—along the banks of the Missouri River." Falt adds that he is a believer in the "count-to-10" technique, which helps him avoid stressful confrontations—a technique that has helped smooth out the 40 years he's been in the business.

Danny Torres, 30, restaurant partner at San Francisco's Cadillac Bar and Restaurant, a Mexican restaurant that seats 180 and employs 94, says his method of reducing stress is the simplest of all. He manages stress by never bringing work home to his wife and four-year-old daughter. Even after a hectic day, Torres uses his hour-long drive home to "get into a good, proper focus," so he can achieve a "good balance between family and work." ❑

An art break

Laureen Sabella, partner and operations manager of A. Sabella's Restaurant in San Francisco, has a creative way to reduce stress. For the past year she and her employees have been redirecting their energies by "taking an art break." In a well-lit, L-shaped room (16' by 16'), the staff spends time painting, reading and writing during their lengthy breaks, sometimes three hours between lunch and dinner. The room, formerly two storerooms, is equipped with a typewriter, table, couches, bookshelves and chairs, as well as paints, chalks and pencils.

Sabella says, "It's a meditative area. I forget about my troubles (when I paint). I run down whenever I can. Things can get very hectic and you can end up really frazzled by the end of your shift. Painting alleviates stress. It's a way to get everything out. . . . People have a more positive attitude at work."

Sabella has hung many of her paintings on the walls of the art room. (Others she has sold for $275 to $5,000.) A photographer/waiter uses time between his split shifts to organize his city shots into books. "It's our own little gallery," Sabella beams.

Carolyn Hughes Crowley is a freelance writer in Washington DC

HELPING YOUR EMPLOYEES GET PSYCHED

Motivation can take many forms—even a little bit of help from Freud.

by Gary M. Stern

As more and more restaurants recognize that outstanding service serves as one of an eatery's most distinguishing characteristics, emphasis is being placed on making employees happy. At some operations, a bit of psychology goes a long way toward relieving frustration and stress.

Therapy has become an integral part of the culture at Lettuce Entertain You Enterprises, Inc., a group of 25 restaurants based in Chicago that generated close to $90 million in revenues last year. Richard Melman, the 47-year-old entrepreneur who started Lettuce Entertain You back in 1971, acknowledges that therapy changed his life and enabled him to overcome his own self-doubts.

"I am concerned," he says, "with the development of my people. I don't like people standing still. Making other people feel successful is one of the keys [to running a successful restaurant chain]. Your job as a leader is to make your people feel good, so in turn they can make their customers feel good."

To attain his goal of making his employees feel good, Melman has incorporated therapeutic practices into Lettuce's elaborate 12-week in-house training of all employees—servers, bartenders, managers and chefs. Heightened awareness of how one's actions affect customers is as much a part of training as knowing where to place a knife and fork on the table and how to serve a beaujolais.

Lettuce even maintains a special fund to help employees—from dishwashers on up—pay for therapy. More than 125 employees over the last four years have participated in the program, which picks up 50 percent of the charges for one-on-one therapy. Melman maintains that therapy can lead all employees to have more "emotional balance" in their lives.

And therapy, he contends, is important for all employees, not just top managers. "You get a chef who doesn't have the respect and caring from his group, and I'll show you a group with turnover and a team that will undermine the chef in certain ways, and all of that will not turn out consistent food," Melman asserts.

Gary Stern is a freelance writer in New York City.

Loret Carbone, Lettuce's vice president of human resources and a partner in the company, states that employing therapeutic practices pays off in concrete dividends. "By having managers be well-developed, they can be more giving to their employees—giving them schedules, disciplining them in a mature way, treating them with respect," she suggests. The results, she says, are that employees become more responsive and solicitous of customers, instead of disgruntled and frustrated. (Angry employees tend to take their feelings out on customers rather than express them toward their managers.)

Managers, too, benefit from the psychological focus. Management training concentrates on employee motivation. "We teach managers that listening is an important part of communication. You have to listen for the third ear, look for the hidden agenda, look for the insight that suggests what is blocking employee growth," says Carbone. For example, she explains that if an employee comes in wearing a wrinkled shirt, the manager is trained to ask what the problem is. If the employee says "nothing is wrong," the manager is encouraged to look beneath the surface to see what is troubling the employee.

"The more confident the manager is—the more psychologically developed—the more he or she can handle situations smoothly and help employees grow," asserts Carbone. That's why role plays, which focus on employee-to-customer relations and manager-to-employee interactions, are emphasized in the training program.

At one Lettuce restaurant, a customer complained to a manager about a waitress's insulting behavior. The manager confronted the waitress in his office in order to explore her antagonism. Stunned that the manager was so direct, she revealed personal background about why she often felt criticized. Then she burst into tears, expecting to be fired. Encouraged by the fact that she didn't lose her job, the waitress is working to change her behavior. "We like constructive criticism," says Carbone. "Our attitude is 'Let's solve problems.' "

While acknowledging that asking people what's troubling them is a humane gesture, Dr. Abraham Zaleznik, a psychoanalyst and professor at Harvard Business School, notes that problems can arise when managers serve a therapeutic role. "Dependency," he says, "can be created between supervisor and employee. When a cutback in force arises, the person will feel violated and abused. In a therapeutic situation, none of these problems will appear."

He cautions restaurateurs about using therapeutic techniques in the workplace. In therapy, he asserts, defense mechanisms are broken down and unraveled. "You don't want to do that in the workplace," he adds.

"Therapy with a business title"

Jim Errant, founder of Errant Enterprises in Northbrook, Illinois, which operates three Chicago Claim Company restaurants and two other eateries, also feels that it's important to bring psychology into the restaurant business. Many of a restaurant's staff, he notes, are young people, who "are at an age when they are just learning independence and most need direction." Instead of encouraging his employees to enter therapy, Errant has incorporated the techniques of *The One-Minute Manager* into his restaurant culture. "You could call it therapy with a business title," quips Errant.

Understanding why restaurant service staffs do something and recognizing why they are getting angry at a customer, for example, eventually leads to the type of attitude or behavior that encourages customers to return to a restaurant.

Nancy Schuett, vice president of human resources for Errant Enterprises, attended seminars on customer service at the Blanchard Institute in San Diego. The seminars are run by Ken Blanchard, *The One-Minute Manager* author. She notes that psychology plays a role in almost every facet of the restaurant business—what drives the employees, what spurs the customers to choose one restaurant over another, how managers motivate their employees.

Specifically, Schuett says that Errant Enterprises has tried to empower staff people as much as possible, a basic Blanchard tenet. "Instead of saying 'I need to find a manager,' when a problem crops up, employees can take action. For example, they can determine that a sirloin-steak dinner served raw can be replaced by another dinner."

Using psychology in hiring

Hiring the right employee for the right job serves as one of the keys to the success of the Subway franchise, started by Fred DeLuca, who works out of Subway's Milford, Connecticut, offices. Inspired by a class taught by a local psychologist, DeLuca decided to employ the Predictive Index, which, as its name suggests, predicts how people will react to the work environment.

Prospective employees fill out a questionnaire that asks them to check off words that best describe them and pinpoint words that best reflect how most people react to them. On the basis of their answers, DeLuca says, they can then predict that a future employee, for example, would be a good communicator, but probably weak at addressing bottom-line issues.

Since DeLuca contends that in the restaurant business "people" skills are primary, he would be likely to hire this person, recognizing that the company might "sacrifice some points on food costs. But employees will be trained better and turnover reduced; and that goes right through to the customer."

Using the Predictive Index, he suggests, helps him to tailor his employees more specifically to a job that suits them. One franchise owner, who attended the class on the Predictive Index, said it has transformed his criteria for hiring. Previously, he hired people who were organized, regimented and bottom-line focused, ignoring communication skills. Recognizing that his turnover rate was high and employees were disgruntled, he now seeks open communicators who can also be detail-oriented.

Why bring psychological testing into restaurant hiring? DeLuca believes that "In a service industry, managers are realizing that all their employees are not the same. From a management point of view, it [psychological testing] helps you to work with people in different ways. Employees aren't all cut out of the same cloth." ❑

Heightened awareness of how one's actions affect customers is as much a part of training as knowing where to place a knife and fork on the table and how to serve a beaujolais.

MENUS WITH MAMA, TRAINS, BIKINIS & JOKES ABOUT YOGI

by Rob Kasper

The first requirement I have for a restaurant menu is that I be able to read it—without a magnifying glass or mirror. A menu should also tell me how much the food costs, without requiring proficiency in higher math. And I want a menu to describe the restaurant food accurately, without resorting to the word "scrumptious." Finally, a menu should perform these three tasks with a certain sense of style. If that style includes showing me a bikini-clad beauty, I won't complain.

This covers the major tenets of my philosophy of menus, a philosophy I pretty much whipped up as I was sitting in a conference room of the National Restaurant Association, judging its annual menu contest.

The grandest of the grand

The Grand Prize winner was a menu from the New York Sports Authority in Secaucus, New Jersey, a sports bar. In addition to meeting all my other requirements, the menu won me over with its sense of humor, especially its word plays on sporting names and phrases. Its fresh spinach salad was called "Mean Joe Greens." Its hot dogs were "Wiener and Still Champeen" and its hoagy sandwiches were "Yogi's Hoagies."

Second place went to Denny's of Irvine, California. Denny's menu not only told customers about its milkshakes and hamburgers, but it also showed appealing photographs of every item it sold—a picture-perfect menu.

Third place went to Grisanti's, a string of Italian restaurants with headquarters in Louisville, Kentucky. This restaurant's menu was called the "fat mama menu"—by me, anyway. I called it that because in addition to containing all the vital restaurant info, it had a series of family photos including one of a large, maternal-looking Italian woman.

Some of the judges thought this photo might put off today's svelte-conscious eaters. Not me. I thought the photo was inspirational. Mama may have been a little oversized, but she looked very pleased. And that is exactly how I want to feel after a good meal—heavy but happy.

Not that my word on the menu matters was final. There were five other judges evaluating menus, and most of them appeared to know what they were doing.

The judging took place in a large conference room on the top floor of the National Restaurant Association headquarters in Washington. The room had an enormous conference table that all the judges sat around. We judges divided into two three-member teams. The two teams of judges split the task of rating nine categories of menu competition.

"A sensible eyecatcher . . ."

Overall, there were three main judging criteria in the contest rules: imagination, design and merchandising power.

The contest's definition of imagination was a menu that was novel and striking—an eyecatcher.

The definition of design was a menu that combined layout, color, illustrations, typeface and paper to present a readable document—an eyecatcher that made sense.

And the definition of merchandising power was a menu that used appropriate visual strategies that enticed customers to order the food.

Summing up, the ideal menu would be an eyecatcher that made sense and made people hungry.

We did what judges do

After the scores were added up, we did what judges do everywhere. We second-guessed ourselves. We asked if we were right the first time, whether the menu with the highest score was the best in the category. Mostly we said yes. A few times we said nope—the one that ended up second by the numbers was really our first choice.

And a few times we disagreed. One of my esteemed judicial colleagues actually liked a menu you had to read by holding it up to a mirror. It was imaginative, he said. Maybe so, I said, but it was also indecipherable. On the other hand, I really liked the menu from the A-Train, a restaurant in Atlanta. It had a design similar to a record cover. The outside had a classy-looking graphic showing a train porter, and the inside pulled out, like a record, and had the menu. One fellow jurist pointed out that if the inside of the menu, the part with the important information, fell out of its cover, you wouldn't know it was missing. I had to agree, it was imprac-

Rob Kasper is a columnist for the ***Baltimore Sun*** *and the* ***Los Angeles Times Foodstyles Syndicate.*** *He served as a judge in this year's Great Menu Contest. Adapted with permission.*

tical—but stylish. We ended up giving this menu the title for "Most Imaginative."

The bathing-beauty menu also got a lot of attention, at least from me. It came from the Beach Cafe of the Rio Suite Hotel and Casino in Las Vegas. It had a lot of bright, beachy colors, including a drawing showing the mahogany back of a bathing beauty who appeared to have abandoned the top of her bikini. I thought the drawing was tasteful, and in keeping with the color scheme and theme of the beach cafe. It ended up winning third prize in the Most Imaginative category, on the theory, I guess, that the drawing left a lot to the imagination.

After splitting the nine categories of competition—our team did five—we combined forces to determine the top prizes in the big category, Grand Prize Winner. The winning menu in each of the categories was held up for the judges' additional inspection. We kibitzed. As I looked at each competing menu, I asked myself, 'Was it readable? Was it practical? Was it imaginative? Was it well-designed? Did it make me hungry? Did it appeal to my soft spot? Before I judged the competition, I didn't know I had a restaurant-menu soft spot, but it turned out I had lots of them. I like mama and trains and bikinis and jokes about Yogi.

On second thought

The only menu I am having second thoughts about was a children's menu from the Peddler restaurant in Gatlinburg, Tennessee. This menu said the price of a child's dinner was 50 cents times the age of the child, for kids under age 12. For the salad bar, the price was 35 cents times the age of the child.

I didn't like this menu right away because I had a little bout of math anxiety. I thought figuring out the price of the food was too difficult. But then I got home and calculated that my 9 and 5-year-old kids could eat dinner for a total of $7. I reconsidered. This menu should have won an award, even if we had to make it up. Maybe something like the "Friend of the Family" award.

Editor's note: The other judges of the 1990 Great Menu Contest were: Charles Bernstein, editor, *Nation's Restaurant News*; David Farkas, features editor, *Restaurant Hospitality*; Mark Knauer, Knauer Incorporated, Highland Park, IL; Jann Malone, food editor, *Richmond Times Dispatch*; and Gary Turner, G.B. Decorative Design, Alexandria, VA.

1990 Great Menu Contest Winners

Grand Prize Winners
- ☐ *First Place:* New York Sports Authority, Secaucus, NJ
- ☐ *Second Place:* Denny's Inc., Irvine, CA
- ☐ *Third Place:* Grisanti's, Louisville, KY

Restaurant: Average Check Under $8 Per Person
- ☐ *First Place:* Eat'n Park Restaurants, Inc., Pittsburgh, PA
- ☐ *Second Place:* Denny's, Inc., Irvine, CA
- ☐ *Third Place:* Bulldog Deli, Starkville, MS

Restaurant: Average Check $8-$15 Per Person
- ☐ *First Place:* New York Sports Authority, Secaucus, NJ
- ☐ *Second Place:* The Westin Chosun, Poolside Terrace, Seoul, Korea
- ☐ *Third Place:* Molly's Balloon Ltd., Hanover, NH

Restaurant: Average Check Over $15 Per Person
- ☐ *First Place:* L.A. Nicola Restaurant, Los Angeles, CA
- ☐ *Second Place:* MacArthur Park/Spectrum Foods, Inc., San Francisco, CA
- ☐ *Third Place:* Tutto Mare/Spectrum Foods, Inc., San Francisco, CA

Institutional Foodservice
- ☐ *First Place:* The Union Club Restaurant, The University of Arizona, Tucson, AZ
- ☐ *Second Place:* The Terraces—Foodservices by MGR, Inc., Atlanta, GA
- ☐ *Third Place:* Saratoga Community Hospital, Detroit, MI

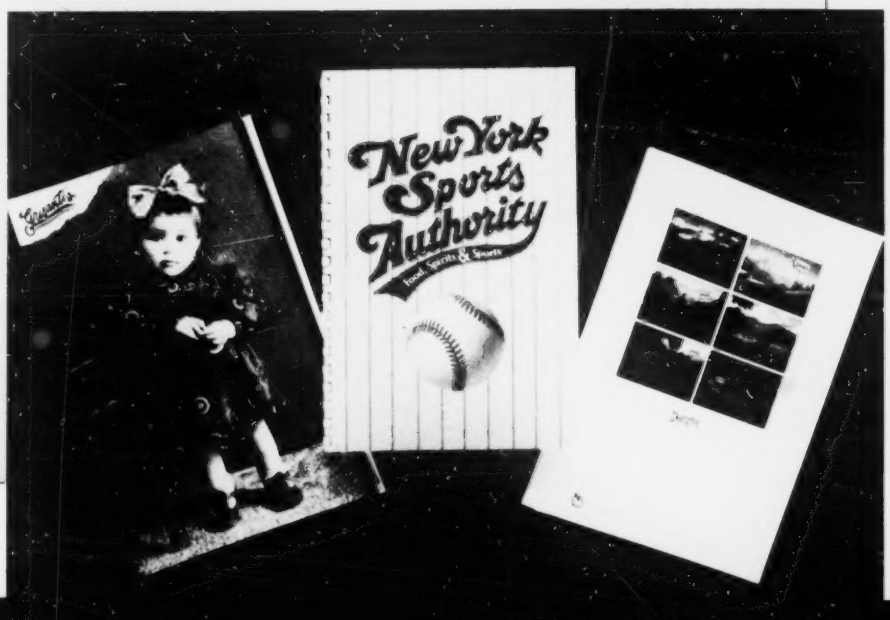
Banquet/Catering
- ☐ *First Place:* Bent Tree Country Club, Dallas, TX
- ☐ *Second Place:* The Colonnade Hotel, Boston, MA
- ☐ *Third Place:* Marriott's Harbor Beach Resort, Ft. Lauderdale, FL

Specialty
- ☐ *First Place:* El Torito Restaurants, Inc. (cantina menu), Irvine, CA
- ☐ *Second Place:* Carolina Cafe (children's menu), The Westin Resort, Hilton Head Island, SC
- ☐ *Third Place:* Bay Street Restaurants, Inc. (beverage menu), Plano, TX

Greatest Merchandising Power
- ☐ *First Place:* Denny's Inc., Irvine, CA
- ☐ *Second Place:* El Torito Restaurants, Inc., Irvine, CA
- ☐ *Third Place:* Kelsey's Restaurants, Oakville, Ontario, Canada

Most Imaginative
- ☐ *First Place:* A-Train/Rennie Ventures Inc., Atlanta, GA
- ☐ *Second Place:* Shenanigans, Salt Lake City, UT
- ☐ *Third Place:* Rio Suite Hotel & Casino, Beach Cafe, Las Vegas, NV

Best Design
- ☐ *First Place:* McGinnis Landing Restaurants, London, Ontario, Canada
- ☐ *Second Place:* Grisanti's, Louisville, KY
- ☐ *Third Place:* Rio Suite Hotel & Casino, Beach Cafe, Las Vegas, NV



Cash registers that talk to personal computers, and specialized foodservice software packages that talk to each other, are the key to making the best use of available information with the least time and effort.

Charles Feil/Uniphoto

By now, the benefits of computers are well known to foodservice employers. Increased revenue brought about by improved efficiencies, both in the front and in the back of the house, have made computers commonplace throughout the industry.

But the state of the industry does not necessarily reflect the state of the individual employee. The advent of a computer into one's previously manual system may introduce an intimidation factor that can temporarily lower

Mary Follin is a freelance writer in Falls Church, Virginia.

Here we are in 1990 with our new PCs and POS systems, facing the future wondering how to get the most out of these recent investments. On the one hand, we have a powerful POS (point-of-sale) system that keeps track of front-of-the-house activity, and on the other hand we have a powerful desktop computer in the office that we use for accounting, inventory control and other back-of-the-house purposes. The logical next step would be to integrate the two systems, so that information collected by the POS system could be used for accounting, inventory control and other management needs.

In the future this problem will be largely solved by running all functions on a single personal computer or perhaps on a network of personal computers. But how do we make the most of what we have today? Is it possible to get this equipment and software working together to provide an integrated solution? In other words, can we get the front of the house to talk to the back of the house in the same language, and end up with higher profits as a result?

Bill Schwartz is the president of Systems Concepts, Inc., a national consulting firm in Scottsdale, Arizona, specializing in food-cost management and providing consultation on software products. Schwartz teaches the food-cost management seminar for the Educational Foundation of the National Restaurant Association.

THE HUMAN FACTOR IN THE TRANSITION TO COMPUTERS

by Mary Follin

an employee's confidence in his ability to do his job. For this reason, the installation of a computer system requires not only careful software and hardware planning, but also extensive people planning.

Resisting computers

"People are afraid they can't learn how to use a computer," says Leo Carey, manager of product installation for C.A. Muer's Strata Group in Detroit. The Strata Group markets and installs point-of-sale and labor-scheduling software for restaurants. "Introduce a computer to a veteran staff, and they feel like rookies again."

Carey points out that prior exposure to computers seems to determine the amount of resistance an employee feels about a new installation. But even in the best of circumstances, getting beyond the initial learning curve is never fun for anybody, and people are reluctant to change the way they do their jobs.

Greg Churak, district retail systems division manager for the National Cash Register Corporation (NCR) in Rockville, Maryland, has seen employee resistance from every angle: "The keyboard is hard to use; I'll never remember where everything is." "The system is too complicated." "The prechecker lines will be too long." "It will never work." According to Churak, if an employee does not understand how the system will benefit him or her, implementation may be difficult.

Phillip's Seafood Restaurants in Ocean City, Maryland, has experienced many of these objections. John Townsend, an independent computer consultant currently under contract

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Technology update

CAN WE TALK?

How To Get Front-of-the-House POS Systems To Communicate with Back-of-the-House Computers

by William C. Schwartz

The answer is an unqualified, resounding "maybe." The key lies in first getting the two systems to communicate with each other, and then finding ways to get the various software packages to be able to use the data provided.

Some vendors provide an all-in-one approach, where the accounting software and the POS software are tied together and share information. The problem with this approach is that options are limited and all the eggs are in one basket.

Fortunately, it is not necessary to go this route. It is possible to buy the POS system that is right for the operation (functionally and economically) and the accounting software that best fits the needs of the business. This "component" buying approach enables every piece of the system to be right for the business and relieves the operator of the need to deal with a single source.

Why integrate?

There are still some operators who don't believe it is necessary to integrate front to back. And in some operations, the cost would be prohibitive. But for most operations with volumes in excess of $200,000 annually, integration could be the key to survival. The ability to generate profits is the result of knowledge—knowledge of the business and its operation, as well as knowledge of the market and the customer. Some of this knowledge comes from the data collected by the POS system.

And, boy, do we have data! With the advent of the newer register systems, substantial amounts of transaction and sales data are stored in the register, as opposed to the handful of totals kept by older models. By analyzing these data, savvy operators become more familiar with the true nature of their business and make wise, informed decisions as a result.

As the amount of data collected increases, so does the length of the tape on which the data are reported. Additional drawbacks include tape cost; extra time spent in the store; difficulty extracting meaningful information from impossibly large rolls of tape; and the subsequent storage, filing and retrieval of the tapes.

Many operators take the information presented on the tapes and enter selected data into spreadsheet or accounting software packages that run on their personal computers. The data are then sorted, printed and stored in a more meaningful fashion and are therefore readily available for retrieval on demand.

While using POS information with other applications is desirable, the double entry of data (once into the register and once into the PC) is not. Therefore, many operators have requested means for automatically moving data from the register into the PC, to increase accuracy and avoid the additional keypunch time. Some call this process "getting the computer and the register to 'talk' to each other."

Two problems are inherent in this approach. One is getting data from the cash register to the computer, and the other is getting the data into the software package that will be using them (spreadsheet, accounting system, etc.). In computer language, the first problem is called *data communication;* the second is called *import compatibility.*

Continued on page 32

"Human Factor" continued

with Phillip's, notices reluctance as new employees are introduced to Phillip's' new IBM System/36 computer system. "The initial reaction is often fright when a new employee is put in front of a terminal," he says. "Servers feel as if they will lose touch with their procedures if they have to automate, and cooks are uneasy about the accuracy of orders."

Townsend goes on to say that employees usually learn the system quickly, and ultimately find they couldn't survive without it. "A new system is perceived to be a bigger threat than it really is," says Townsend, "Ten years from now, that perception will probably change, and so will the employees' reception. Invariably, once an employee adjusts to the new routine, the computer becomes indispensable."

Installation of a computer system requires not only careful software and hardware planning, but also extensive people planning.

Loss of control

In addition to an obvious fear of new technology, a hidden concern among employees that is not so readily voiced is a loss of control over their jobs.

"I'm not certain that people are necessarily computer phobic," states Robert Grimes, president of Strategic Technology Services Corporation (STS), Gaithersburg, Maryland, which installs, trains and supports computer

"Can We Talk?" continued

Are we speaking the same language?

The problem with data communication, or getting the register to "talk" to the computer, is that the two machines speak different languages. To complicate the matter further, different brands of cash registers generally speak different languages. The language gap between the cash register and the computer is typically bridged by a software package that runs on the PC but also speaks the cash register's language.

These programs are often called *polling packages*, because they "go out" to the register and ask (poll) for data, which they then bring over to the PC and store in data files. Many of these packages also allow the operator to send instructions (download) to the register, such as new descriptors or prices for the presets or price lookups. These packages then create basic reports from the data brought across, which can be printed on a standard printer on normal or wide paper.

Polling packages are specific not only to the brand of register but also to the model number of the register. For example, a polling package for the Sharp 3300 register will not work with the Sharp 5210, although both polling packages are PC-compatible.

Another consideration on the polling side is the fact that many cash-register systems will require additional circuit boards in order to communicate with a polling package. Some polling packages come complete with their own boards for use in the computer or cash register, while others indicate the equipment that must be purchased.

The final communication consideration is the actual connection between the computer and the cash register. If the two machines are very close to each other, it may be possible to run a cable from one to the other. Otherwise, it will be necessary to use a phone line to move data, with modems on each end of the line. Many multi-unit operators use this approach, along with automatic-dialing polling packages to retrieve data overnight from a number of cash registers.

In most cases, the polling software, register hardware and installation capabilities are available through cash-register dealers. One word of caution, however. Not all registers are capable of communicating with a PC, and not all registers store enough information for data transmission to be worthwhile.

Just how compatible are we?

The second half of the integration problem deals with getting the data from the PC into the program that needs them. This problem is much less difficult than that of getting the data to the PC in the first place, since there are no language barriers or communications problems. Instead, the problem becomes one of "reading" the file produced by the polling package and "importing" the data into the application program.

In order to accomplish this feat, the application software (spreadsheet, accounting system, etc.) must be able to understand the data in the file. This will depend entirely on how the data were placed in the file by the polling package. This is sometimes called the file structure or format. There are virtually no limits to how this could be done.

One of the more standard approaches is to place data in the file in a standard ASCII format, with each entry surrounded by quotes and separated by commas. But the order of the information can vary. For example, one polling package might place the description first, followed by the price and then the number sold, while another might begin with number sold.

Because of these differences and difficulties, one of two things must occur. Either the polling package must set up the file in a manner acceptable to a specific software application or the software application must be set up to read that specific polling package's files.

Because of the popularity of Lotus

systems in restaurants. Rather, Grimes has observed, many employees think a new computer system is an effort by management to tighten control over subordinates. "Most employees don't welcome closer scrutiny of their performance," he says.

Mark Maloney, a waiter at Joe Muer's in Boca Raton, Florida, confirms Grimes' observation. Although Maloney adjusted quickly to a new system and is now training fellow employees, he does contend that computers make some people nervous. "Some workers read too much into why the computer was installed, and the effect it will have on their jobs," he reports. "They don't recognize it as a simple storage bin that prints out in the kitchen and the bar and saves a lot of running around."

Servers are not the only personnel threatened by a loss of control. According to Carey of the Strata Group, managers can feel slighted when, for example, they are suddenly asked to depend on computer software to do their scheduling for them.

"Increased control is why people get into management in the first place," maintains Carey. "They are reluctant to relinquish control to a computer." A manager may feel his expertise challenged when he insists that he needs 23 people on a Friday night, but computer statistics allow him just 19. Only when a manager views a computer as a cost-saving tool rather than as competition can a system begin to work for the business.

Easing the transition

A prerequisite for a smooth transition to computerization is an understanding of exactly what a computer will do for the business and how the computer will do it.

"Don't buy a computer to get control of your business," says Carey. "Rather, do it the other way around." Business goals, objectives and procedures should be clearly delineated so the chosen system will complement,

The distinction between cash registers and computers is shrinking

It seems the distinction between cash registers and computers has been more and more difficult to make as time goes by. As little as 10 years ago, very few operators would have considered their cash registers to be computers. Today, virtually all newer register systems contain central processors (CPU), random access memory (RAM) and other components found in general-purpose computer systems. And they perform computer-like tasks, such as the storage of substantial amounts of data and the operation of remote devices, such as terminals and printers; and they "crunch" numbers just like their general-purpose cousins.

In fact, it appears inevitable that before this decade ends the term "cash register" will fade away into obscurity, to be replaced by the term "point of sale" or POS for short. POS systems today really are computers in every sense of the word. Many are based on the personal computers found at the neighborhood computer store.

Perhaps the sole remaining distinguishing characteristic between POS systems and everyday computers is the function they serve. POS systems are intended to handle all aspects of dealing with the customer's purchase. And as a result of this function, the equipment is typically designed different from that of a general-purpose computer. For example, most PCs do not require cash drawers or keyboards with words such as "cheeseburger" and "large fries" pasted onto the keys. And most PCs don't require reports to be printed on thin strips of paper, with greetings and thank-yous at the top and bottom of each page.

When it comes right down to it, however, today's POS systems are nothing more than single-purpose PCs with specialized attachments (peripherals). And any major POS system manufacturer will tell you that its software—not its hardware—is what makes it the best.

If we combine this sequence of events with the fact that personal computers are becoming more and more powerful, it doesn't take a crystal ball to see that before long we will no longer shop for POS systems, but for POS software. It will be sold off the shelf at the neighborhood computer store and by what used to be cash register dealers. The register dealers will become (or have become in many cases) companies specializing in a variety of POS software, specialized peripherals, general-business software and expert installation and consulting.

1-2-3, many polling packages provide the option of storing data in a manner compatible with Lotus. Other polling packages are part of an integrated system including accounting or spreadsheet software, which is specifically designed to read the files produced by the polling module.

Some of the smarter foodservice-software companies have chosen to build POS interface modules, which work with many of the most popular polling packages. In this way, it becomes possible to tie these packages in with a large variety of POS systems.

A good example of this approach is food-cost-management (FCM) software. The best packages available today can use information polled from POS systems to calculate ideal food use, run sales-analysis reports, determine each menu item's contribution to profits, estimate reorder quantities and show inventory variances.

In addition, since purchase information is needed by both the food-cost management system and the accounts-payable system, the best FCM systems can transfer this information to the accounts-payable modules of a number of accounting systems. The key here again is providing the operator with a chance to select the accounting system that best suits the operation, not forcing the operator to use the one that comes with the FCM package. Finally, the better FCM systems will also transfer data such as recipe costs to catering software packages and accept data from other types of input devices like scanners and bar code wands.

So what's the bottom line?

The bottom line is that by getting different systems to talk to each other, the operator gets a better bottom line. ❑

Managers must get behind computers

"Failure of systems doesn't usually start with employees; it begins with management," insists Robert Grimes of Strategic Technology Service Corporation in Gaithersburg, Maryland. If management does not demonstrate commitment to a smooth installation, employees will not place a high priority on utilizing the system.

Grimes advises that those responsible for making the decision to automate should outline goals, objectives and benefits for their employees.

Such was the approach used by Little Gardens in Lawrenceville, Georgia. Little Gardens is a restored antebellum mansion converted into a fine-dining restaurant whose atmosphere belies the high-tech Fisher system that was installed about a year ago. According to David Willson, the maitre d' who helped plan for and install the system, management carefully outlined its plans and communicated expectations to employees.

"Initially, I was one of the most reluctant to vote for a new system," says Willson. "I couldn't see that the expense was justified, and I was afraid I would be staring at a keyboard instead of spending time with my customers." But since the installation, Willson has completely reversed his opinion. He appreciates the new capability to track business better, and he finds that all of the employees depend on the system. His enthusiasm and commitment is one factor in Little Gardens' smooth transition to automation.

Too often, managers do not spend time generating enthusiasm among employees. They make the decision to purchase a system, back off and let professional trainers initiate the staff. The consequences of this hands-off approach are twofold: Employees fail to take advantage of the system, and the trainers could inadvertently change the direction of the business.

According to Grimes, customizing the system to fit the needs of the business can only be done shoulder to shoulder with management.

rather than determine, the owner/operator's style.

"Also, never spring the new system on anyone," Carey continues. "Tell your employees what you are doing and why." Relaying your plans to employees will help to overcome some of the objections that are bound to arise. Carey advises against compounding the fear factor by embarrassing employees and treating them like children. Communications about the new system should be professional and respectful of employees' concerns.

"Most important, management should take a calm approach," concludes Carey. The learning curve can be rigorous and difficult to wade through while maintaining business as usual. The system needs to be customized, data need to be entered and employees need to be trained. Mistakes will be made, and the start-up may appear more cumbersome than the old way of doing business. Any one of these variables can trigger a negative response—especially in the middle of a busy shift. At these crucial moments, managers must remain calm and avoid overreacting to problems.

Grimes of STS describes his company's approach to assisting a restaurant's transition to computers. "When we design a training program, we look at the needs of the trainees, and we try to assess their goals." The program is then tailored to fit those needs. According to Grimes, employees can often be grouped together by requirements; part-timers may need less from the system than full-timers, native speakers of foreign languages may require more extensive training, and computer-literate college students will tend to be self-propelled.

"Try to make training fun," Grimes recommends. "Create a game—'Wheel of Back Office' or 'Point-of-Sale Jeopardy.' Play it up as something that will benefit the job." People appreciate a certificate of achievement, or even better, says Grimes, make the people who master the system certified trainers—complete with plaques. "If employees feel they own a piece of the system," he says, "you will make the sale."

Fred C. Ihrer, president of Comus Computer Corporation and former owner of Comus Inn in Comus, Maryland, used a combination of the above techniques to successfully install an automated system in the inn back in 1982. At the time, there were no prototypes, so the experience was mostly trial and error.

"Basically, we held meetings with waitstaff, bartenders and managers and emphasized how computers would help them do a better job," Inhrer explains. "We were careful not to simply dump the system on them." The Comus Inn operated in parallel; it maintained the old system while learning the new, so employees could feel secure while moving in a new direction. Throughout, Ihrer kept the emphasis on how the system was fun to use and would help employees make more money.

Emphasizing benefits

Learning an entirely new way of doing business may be too much to ask, even of dedicated employees, unless they see "something in it" for them. If employees understand the personal benefits they will realize from the new system, they will be eager to follow the program.

Michael Kasavana, computer consultant and professor of hospitality information systems at Michigan State University in East Lansing, contends that servers are extremely receptive to computerization when they realize the system will save steps, increase communications and improve tips.

Churak of NCR emphasizes that promoting benefits to employees should be the main focus of the campaign to "sell" employees on the new system. The bottom line is that improved efficiencies brought on by computerization will increase servers' tips while making the job easier to perform. Computers relieve managers of many of their bookwork and auditing responsibilities; closing up at the end of the day is an easier and more productive task.

"It's not just a bunch of baloney, either," says Churak. "Employees actually will see all of the promised results." Management's job is to clearly define the benefits and how they will be attained so employees understand that they are attainable. ⌟

#107

Talking with the "boss"

Like most people, I've had a few bosses in my lifetime. Like some people, I've also been "the boss" to a fair number of employees. Many of us fit into a hierarchy of some sort, with people above and below us (as well as to the side of us), and so we experience the dynamics of stimuli coming at us from all directions. One of the fascinating things about organizational life is the conversations—formal and informal, professional and personal—that we have with others in the organization. Based on years of experience, I've noted that there are certain things bosses like to hear and certain things they don't like to hear. Here is a sampling of both.

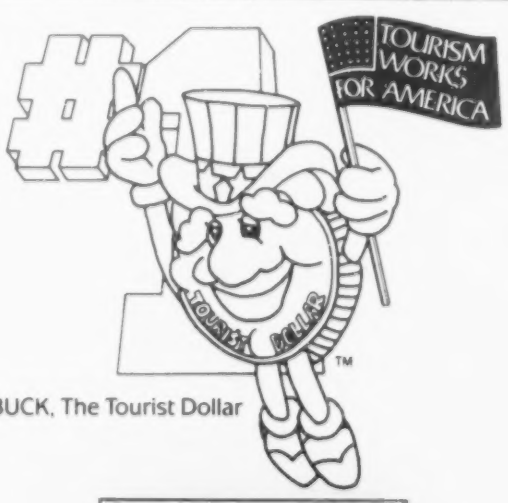
What bosses like to hear

1. Yes, boss!
2. Don't worry, boss; you're covered.
3. Sure, I can stay late.
4. That was brilliant, absolutely brilliant.
5. I'd be glad to come in on my day off.
6. We can sweep a lot of that stuff into this year's financial closing.
7. We've eliminated the problem.
8. That was a very productive meeting.
9. It's a success!
10. The doctor says I'm O.K.
11. We hired the one we wanted.
12. Excellent presentation, boss.
13. It could not have turned out any better.
14. Boss, you are a person of enormous stature and charisma.
15. That was a gutsy call, boss.
16. Boss, you are a true professional.
17. Congratulations! Well done, boss!
18. It's amazing how adeptly you handle things, boss.
19. I didn't really need a vacation anyway.
20. How did you get to be so savvy?
21. We couldn't have done it without your leadership.
22. You are a terrific mentor, boss.
23. I admit I had some reservations in the beginning, but you had the vision; and you did it.
24. Of course, boss, you're right on.
25. Boss, you are the manager of the year, every year.
26. I think I can hide it without any problem.
27. We can always capitalize it rather than expense it.
28. We sold out just as the doors closed.
29. It's a new record!
30. I didn't realize that you're so talented.
31. I like working double shifts.
32. We can generate even more productivity.
33. I'm not asking for an increase in the budget this year.
34. Have a good trip; we'll take care of everything.
35. Boss, you look terrific!

What bosses don't like to hear

1. I quit!
2. No!
3. I can't!
4. I won't be in tomorrow.
5. I won't be in today!
6. I have to leave, NOW!
7. Nobody told me.
8. I got a better offer!
9. This place is a zoo!
10. The IRS called.
11. That was dumb, really dumb.
12. It was . . . uh . . . uh . . . a non-success.
13. I didn't understand it that way.
14. Morale around here stinks.
15. I'm not going to take it anymore!
16. You sure blew that one!
17. I'm going to sue you.
18. You don't understand the problem.
19. Someday you'll pay for this.
20. You really are an amateur.
21. There's no way we can turn it around.
22. There are a lot of TV cameras out front.
23. The bank called; they want to set up a meeting.
24. You're off base on that one.
25. You deserve to be lonely at the top.
26. If you want to see me, you'll have to come to my office.
27. Drop dead!
28. It's not my fault; it's your fault.
29. You promised me!
30. You idiot!
31. I underestimated the seriousness of the problem.
32. I happened to be on the same plane as the CEO.
33. Are you feeling all right?
34. The lot across the street was just sold to our chief competitor.
35. We're all getting a little older.

Fisher's Law #107: When you talk with the boss, think before you speak.



BUCK, The Tourist Dollar

Tourism Awareness Day is Wednesday, May 16th.
Remember to WEAR RED

Higher earnings for moderate-check tableservice restaurants in '88

According to a special analysis of the National Restaurant Association's 1989 industry operations survey, moderate-check, full-menu tableservice restaurants reported higher pretax income in 1988 than they did in 1987.

One financial tool helpful in analyzing restaurant operating data is the earnings ratio—the proportion of pretax income or loss to total sales. For full-menu tableservice respondents providing operating data for two consecutive years, the earnings ratio at moderate-check establishments in 1988 (average per person check $5 to $9.99) rose to 3.8 percent—up from 2.8 percent in 1987.

In comparison, the earnings ratio at higher-check establishments (average per person check $10+) declined from 1.7 percent in 1987 to 1.1 percent in 1988. Lower-check establishments (average per person check under $5) reported an earnings ratio of 4.1 percent in 1988—the same as in 1987.

On a per seat basis, all moderate-check, full-menu tableservice survey respondents reported a median net pretax income of $189 per seat in 1988, compared to a lower $83 per seat for higher-check establishments.

Healthy sales growth

The advance in pretax income at these moderate-check, full-menu restaurants was driven by higher sales. Median total sales per seat advanced almost 13 percent between 1987 and 1988 for moderate-check establishments—nearly double the rate of growth at higher-check operations.

This sales gain reflects in part the greater interest in casual dining at tableservice restaurants (see "Why Customers Are Leaning Toward Casual Restaurants," ***Restaurants USA,*** March 1990).

Also of note is that moderate-check establishments reported a decline of 0.4 percent in median alcoholic beverage sales per seat, compared to a 4 percent advance at higher-check restaurants.

Controllable expenses

In 1988 all moderate-check, full-menu tableservice survey respondents reported total sales per seat of $5,159—almost identical to

How to order the report

The National Restaurant Association's *Restaurant Industry Operations Report—1989*, prepared in cooperation with the accounting firm of Laventhol & Horwath, provides a state-of-the-industry look at financial operating data. The report (CS 959) is available to association members for $36 and to nonmembers for $72. This includes shipping and handling charges (overseas orders require a 20 percent surcharge). All orders must be prepaid.

To order, send a check or money order to the National Restaurant Association Publications Department, 1200 Seventeenth Street, N.W., Washington DC 20036. For credit-card orders, call the association's Information Service and Library between 9 a.m. and 5 p.m. (Eastern Standard Time) at 1-800-424-5156 or (202) 331-5900 in Washington DC.

Selected income and expenses* per seat by average check at full-menu tableservice restaurants, 1988

Moderate-check establishments reported the highest pretax income

	Average check		
	Less than $5 per person	**$5 to $9.99 per person**	**$10 or more per person**
Total sales	$4,758	$5,159	$5,200
Total cost of sales	1,670	1,834	1,805
Gross profit	3,121	3,284	3,286
Total income	3,140	3,428	3,485
Total controllable expenses	2,427	2,580	2,751
☐ Payroll	1,560	1,423	1,481
☐ Employee benefits	199	169	222
☐ Direct operating expenses	281	285	338
☐ Music & entertainment	8	11	29
☐ Advertising & promotion	59	93	112
☐ Utilities	178	179	164
☐ Administrative & general	170	234	212
☐ Repairs & maintenance	76	83	95
Total occupation costs	366	359	392
Interest	46	36	69
Depreciation	133	132	116
Other deductions	17	53	89
Net income before income taxes	154	189	83

* *median values*

Source: National Restaurant Association restaurant industry operations survey, 1989

Selected employee information* at full-menu tableservice restaurants, 1989

Full-menu tableservice restaurants with an average check of $10 or more employed 36 full-time-equivalent employees

	Full-time-equivalent employees			Amount per full-time-equivalent employee		Average daily seat turnover
	Total	Per 100 seats	Per 100 daily covers	Total sales	Total payroll	
Average check						
Under $5	25.9	16.7	8.4	$24,874	$ 8,224	1.9
$5–$9.99	29.5	17.9	9.3	28,780	9,330	2.0
$10 or more	36.0	15.7	18.4	32,638	10,542	0.8

* *median values*

Source: National Restaurant Association restaurant industry operations survey, 1989

the $5,200 total sales per seat for higher-check establishments. Total income per seat was $3,428 at moderate-check establishments, again virtually equal to the $3,485 per seat basis at higher-check restaurants. Yet, controllable expenses on a per seat and ratio to total sales basis were larger at higher-check establishments. For example, payroll, benefit expenses, direct operating expenses (such as flowers, music, tableware, linens and uniforms) and advertising/promotion costs were higher at full-menu tableservice restaurants with an average check of $10 and above, compared to moderate-check establishments. With total per seat income and per seat sales virtually identical, pretax income at the higher-check restaurants was squeezed by these larger controllable expenses.

Larger staff at higher-check places

One factor behind higher-check tableservice restaurants posting larger controllable expenses is the increased emphasis on service at these establishments. Consequently, staffing demands are often larger. Full-menu tableservice restaurants with an average check of $10 or more had the greatest number of full-time-equivalent employees in 1988—36.0. Establishments with an average check under $5 employed the fewest individuals on a full-time-equivalent basis—25.9.

Tableservice restaurants with the highest average check also had the highest median payroll per full-time-equivalent employee in 1988—$10,542. Lower-check establishments reported a total payroll cost of $8,224 per full-time-equivalent employee.

—Hudson Riehle

Restaurant advertising and promotions

According to a special analysis of the National Restaurant Association 1989 industry operations survey data, restaurants are spending more on advertising and promotional expenses, especially on couponing and restaurant specials.

In 1988 fast food establishments spent $0.18 per customer visit on advertising and promotions, and tableservice establishments spent $0.15, according to a special analysis of the association's 1989 industry operations survey data. Multi-unit franchisee-operated establishments spent more than independents—$0.34 per customer visit, compared to $0.17 per customer visit at full-menu tableservice establishments. A much lower $0.05 was allocated per customer visit in independent fast food establishments than at independent full-menu tableservice restaurants—$0.16.

There were similarities between fast food and tableservice advertising and promotional spending, however. In both types of establishments, per customer spending on advertising and promotions increased as the establishment's sales volume increased. In addition, establishments in the Southern region of the United States spent the most per customer on advertising and promotions; Western establishments spent the least.

On a per seat basis, restaurant spending on advertising increased between 1987 and 1988. Fast food median advertising and promotional costs were $267 per seat in 1988—up 19 percent from $225 in 1987. Limited-menu tableservice restaurants also showed a substantial increase in advertising and promotion expenses, rising from $103 per seat in 1987 to $118 per seat in 1988. Cafeterias increased their spending, from $57 in 1987 to $60 in 1988, but at full-menu tableservice restaurants the amount spent on advertising and promotions dropped from $100 per seat in 1987 to $94 per seat in 1988.

The use of promotions is heating up

Tougher competition within the foodservice industry has led to a greater use of promotional strategies, designed to build customer traffic. Restaurant patrons are purchasing restaurant food with promotions more than ever before, as foodservice operators seek to increase traffic and promote new menu items.

According to CREST,* the percent of industry occasions identified by cus-

**CREST stands for Consumer Reports on Eating Share Trends, a division of one of the NPD marketing companies.*

Advertising and promotions costs* per customer

In 1988, establishments with a higher sales volume, located in the South or operated by a franchisee spent more cents on advertising and promotions per customer

Advertising and promotion costs	Fast food place	Full-menu tableservice restaurants
All establishments:	$.18	$.15
Food only	.18	.06
Food and beverage	.24	.19
Affiliation:		
Single-unit–independent	.05	.16
Multi-unit–company-operated	.11	.14
Multi-unit–franchisee-operated	.34	.17
Region:		
Northeast	.18	.19
North Central	.14	.15
South	.41	.22
West	.11	.10
Sales volume:		
Less than $400,000	.05	n/a
$400,000 to $749,999	.12	n/a
$750,000 plus	.25	n/a
Less than $500,000	n/a	.10
$500,000 to $999,999	n/a	.12
$1 million plus	n/a	.19

* *median amount*
n/a = not available
Source: National Restaurant Association restaurant industry operations survey, 1989

tomers as being on deal** rose to 18 percent in 1989—up from 17 percent in 1987. Industry promotional occasions occurred primarily at fast food establishments—21 percent of fast food occasions involved a promotion in 1989, up from 19 percent in 1987. By comparison, promotional activity in the midscale and upscale segments was virtually unchanged from 1987: 14 percent of midscale occasions and 13 percent of upscale occasions involved a promotion.

Several types of fast food restaurants stand out as having a high percentage of deal occasions. In 1989 pizza restaurants had the highest percentage of deal occasions (36 percent), followed by fish/seafood restaurants (28 percent), chicken places (27 percent), Mexican establishments (25 percent) and hamburger restaurants (21 percent).

Who uses promotions, when?

Certain demographic groups are more likely to use promotions than others. Restaurant promotions are appealing to households with children, especially at fast food establishments. In 1989, 26 percent of fast food occasions for parties with children involved a promotion, compared to 19 percent for adult-only parties. At pizza restaurants 46 percent of occasions involved a promotion for parties with children, compared to 30 percent for adult-only parties. Donut, barbecue and Mexican restaurants also had a higher deal use for parties with children.

However, in 1989 promotional usage at midscale restaurants was virtually equal for adult-only parties (14 percent) and parties with children (13 percent), except at fish/seafood, Italian and barbecue establishments, where parties with children used promotions more frequently. At upscale restaurants promotions were used on 13 percent of restaurant occasions for all parties.

According to a special CREST study, promotional usage was most prevalent among patrons older than 65 and younger than 18. In 1988 the percentage of eater occasions*** involving a promotion was 24 percent for patrons under 18 years old, 18 percent for patrons between 18 and 64, and 26 percent for those 65 and older. Women were slightly more likely to use deals than were men (nearly 21 percent, compared to 20 percent)—especially women between the ages of 25 to 64.

Industry deal occasions were especially high at dinner—24 percent of all dinner occasions in 1989 involved a promotion—an increase from 22 percent in 1987. Seventeen percent of lunch occasions and 15 percent of breakfast occasions involved a promotion—an increase of one percentage point for both meal periods from 1987. Deal use during snacking rose to 12 percent, up two percentage points from 1987.

Many different types of promotions

Promotions come in a variety of forms, such as two-for-one coupons, restaurant specials and senior discounts. The most popular promotional tactic in 1989 was couponing, which represented 38 percent of all deals—up one percentage point from 1987. The use of coupons increased between 1987 and 1989 at breakfast, dinner and snacks, but not at lunch.

Restaurant specials represented 27 percent of all deals in 1989—up two percentage points from 1987. The increase in restaurant specials was especially evident during lunch and dinner meal periods and was driven by fast food establishments. In 1989 buy-one-get-one-free and combination promotions (such as two-for-the-price-of-one) captured 12 percent of all deals. Senior discounts represented 10 percent of all promotions, and all remaining deals represented 13 percent.

Different types of restaurants preferred different promotional tactics. For example, coupon-deal incidences—both direct mail and newspaper/magazine coupons—were higher at fast food establishments. In fact, in 1989 couponing represented 42 percent of all fast food promotions and was especially prevalent in pizza, fish/seafood, sandwich and chicken restaurants. By comparison, the share of coupon-deal incidences was lower at midscale and upscale establishments (22 percent and 30 percent respectively).

***The term "deal" in CREST refers to a consumer-recognized special offer. Some restaurants may use price reductions on menu items as a long-term promotional tactic. In this scenario, it is the consumer's perception that decides whether or not this is the restaurant's standard price or a promotional offer (deal).*

****An eater occasion is one meal eaten by one person.*

Promotions by type of restaurant—1989

In 1989, more than one in five fast food occasions involved the use of promotions

Types of promotions used	Percent of restaurant occasions on which promotions were used		
	Quickservice	Midscale	Upscale
Total	21%	14%	13%
Total coupons	10	3	4
☐ newspaper/magazine	4	1	1
☐ by direct mail	3	1	1
☐ all other*	3	1	2
Restaurant special	6	5	5
Buy-one-get-one free/ combination deals	3	1	2
Senior discount	2	3	1
All remaining types**	3	2	2

* *Includes coupons received in the store, at another place and all remaining*
** *Includes employee discounts, merchandise and other types*
Note: *Multiple use of promotions may occur in one transaction. Therefore, the sum of the types of promotions may be more than the total.*
Source: NPD/CREST Annual Household Report

More coupons were used at family-steak, Italian and casual-dining Mexican restaurants than at other midscale tableservice establishments.

A larger share of restaurant specials was used at midscale and upscale establishments (36 and 35 percent respectively) than at fast food places (25 percent). Restaurant specials were more popular in fast food Asian, fish/seafood and chicken establishments, midscale Asian restaurants and upscale barbecue and steak restaurants.

Senior discounts captured a much larger share of midscale deals (20 percent) than quickservice promotions (8 percent) or upscale promotions (4 percent). Midscale family-style and family-steak establishments were especially popular for senior discounts. Buy-one-get-one-free or combination deals captured a larger share (16 percent) of upscale deals than quickservice (13 percent) or midscale (9 percent) promotions.

Advertising expenditures

Restaurants are major spenders for advertising. According to Leading National Advertisers, restaurants, hotel dining rooms and nightclubs spent $1.6 billion**** on advertising in 1989 (excluding ad production costs, cost of the ad agency, public relations firm costs, etc.).

Although few chains are large enough to use television advertising, restaurants and drive-ins spent $838 million**** on television advertising in 1989, according to the TV Bureau of Advertising. This represents a 16 percent share of all television advertising sales and a 4 percent increase over the 1988 amount of $804 million. Restaurants and drive-ins were the number-one spender for television advertising, while food stores and supermarkets posted a distant second place—spending $341 million.

Newspapers are an alternative to the high cost of television advertising. According to the Newspaper Advertising Bureau, eating and drinking places spent $168 million**** on newspaper advertising during the first nine months of 1989—up nearly 4 percent from the $162 million spent in the first three-quarters of 1988. Department stores, furniture stores, and theaters spent much more. Food stores spent $950 million during the first three quarters of 1989, down 3 percent from 1988.

Radio advertising is also often used by restaurants. According to the Radio Advertising Bureau, restaurants spent $99 million**** in radio advertising in 1988 and $85 million during the first nine months of 1989. In addition, restaurants accounted for 7 percent of total advertising expenditures in 1989, ranking as the fifth-largest buyer of radio advertising. Not far behind,

*****May not be representative of the entire industry.*

Ideas for local store marketing

There are many innovative opportunities to promote a neighborhood restaurant. Some basic promotional concepts include off-premises and in-store marketing, cross-promotions (see feature story in this issue) and community involvement.

Off-premises promotions involve taking your business to customers. These opportunities may involve a food booth at a fair or carnival, a concession at local high school sporting events, catering lunch or dinner meetings for different groups or clubs and even company picnics. A letter and follow-up phone-call campaign can be effective in creating awareness of a restaurant in various potential groups.

In today's competitive market a restaurateur must actively and continually communicate with customers. In-store marketing involves developing point-of-sale materials to tell customers about new products, special prices or seasonal promotions, and can include gift certificates, customer comment cards, placement messages or even a "meet the chef" night. Employee training and motivation are also important parts of in-store marketing, and many restaurants create a contest as an incentive program for employees.

A cross-promotion is simply a technique for distributing coupons, discounts or messages about a restaurant by having someone else hand them out.

Community involvement is an essential aspect of local store marketing. A conscious effort must be made to collect information on charity and athletic events, neighborhood associations, city-improvement programs, school fundraising efforts and special seasonal events. Learning to donate products or coupons, not dollars, is essential. This way a restaurant can increase name identification and create a positive image without spending too much money.

Source: National Restaurant Association, *Promoting the Neighborhood Restaurant*

ranking sixth, were supermarkets, at 6.7 percent.

Another popular medium is billboard advertising. Based on data from the Institute of Outdoor Advertising, restaurants, hotel dining rooms and nightclubs spent $68 million**** on billboard advertising in 1988, an increase of 6 percent from 64 million in 1987. During the first three-quarters of 1989, restaurants, hotel dining rooms and nightclubs spent $55 million on billboard advertising.

Alternatives to standard advertising

Many restaurant operators have found they need not limit themselves to standard advertising and promotional ideas. Many are finding increasingly attractive marketing opportunities in the nation's fitness craze by sponsoring local and national sporting events or an athletic team.

In a 1987 National Restaurant Association Gallup survey, 59 percent of restaurant managers said they promoted their establishment by sponsoring a community event. In addition, almost half (48 percent) said they sponsored a team. In fact, 18 percent used each of these mediums regularly. Operations with higher daily customer counts tended to sponsor community events to a greater degree than those with lower traffic volumes. In addition, independents were more likely than chains to sponsor teams, perhaps reflecting the closer ties these operations have to their communities. Distributing fliers and advertising in a restaurant guide or magazine were other popular alternatives.

—Elizabeth Gordon

Kid power: a look at children 6 to 17

In April 1990 "Foodservice Trends" looked at the growing market of young customers under six. This month the focus is on children between six and 17 years of age.

There are an estimated 41.9 million U.S. citizens between 6 and 17 years old. As a group, their number is expected to grow 6.6 percent between 1990 and 1995, faster than the 3.9 percent growth for the population as a whole. If these Bureau of the Census projections hold true, children between 6 and 17 years old will account for 17 percent of the total U.S. population at the turn of the century.

Kid power

Aside from their impressive numbers, these children wield a considerable amount of influence on the decisions that their families make, particularly when it comes to choosing restaurants.

A 1989 study by the Roper Organization for *USA Weekend* of families with children between 7 and 17 years old found that 78 percent of the parents surveyed felt their children have a lot or a fair amount to say about where the family goes for fast food. More than half (55 percent) of the responding parents said that their children influence the family's choice when the dinner destination is a full service restaurant.*

Part of the reason why children in this age group exert so much influence on the family's eating-out decision is that their parents often feel that their children are the "experts" of the family. The Roper Organization survey found that 42 percent of parents with kids between 7 and 12 years old and 54 percent of parents with children between 13 and 17 years old perceived their children as being the "household experts"—the family member with the most knowledge—about fast food. Conversely, only 18 percent of fathers and 20 percent of mothers were considered the family's fast food expert.

For more formal restaurant dining decisions, children were less often considered the most knowledgeable members of the family by their parents. Only 4 percent of parents indicated their 7 to 12-year-old child was the restaurant expert in the family, as did 10 percent of parents with a child between 13 and 17 years old.

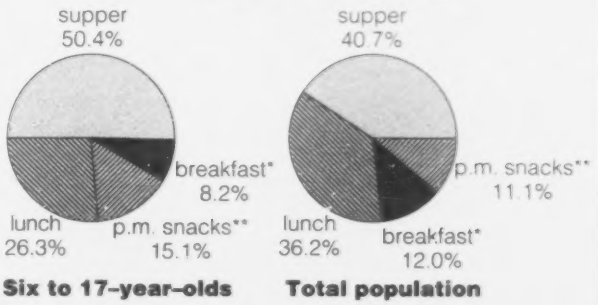
Children's influence

Not only do children play an important role in family decisions, they also influence family spending, including family spending on food away from home.

According to the Bureau of Labor Statistics' *1988 Consumer Expenditure Survey*, husband-and-wife families whose oldest child is between 6 and 17 years old spent an estimated $31 billion per year on food away from home. In 1988 this translated into 40 percent of annual family expenditures on all food, or $538 per person per year. More-

Proportion of restaurant eater occasions by meal period, 1989

Kids between 6 and 17 years old had a higher proportion of visits to restaurants for supper than the population as a whole



Six to 17-year-olds **Total population**

* *also includes morning snacks*
** *includes afternoon and evening snacks*

Source: National Restaurant Association NPD CREST special study, 1988

**Copyright 1989 USA Weekend/Roper Organization*

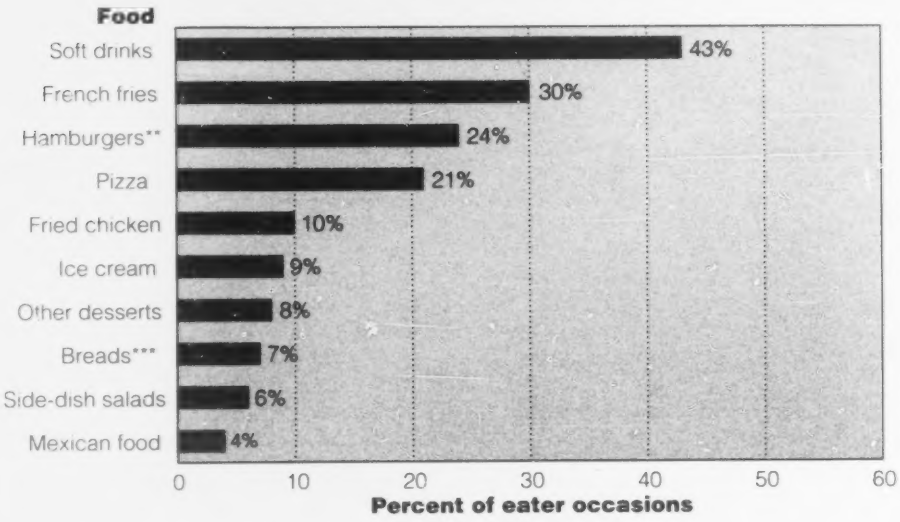
over, although these families accounted for 15 percent of all consumer units in the United States, they accounted for more than 20 percent of all spending on food away from home.

The higher amount of spending on food away from home by families with children between 6 and 17 years old is not surprising. According to a 1988 National Restaurant Association CREST special study, these youngsters accounted for more than 12 percent of all restaurant traffic, making them the third-largest group of restaurant patrons after 25 to 34-year-olds and 35 to 44-years-olds.

Consequently, the size and spending power of this children's market makes them attractive to restaurateurs seeking to expand their market share. In order to attract these children, however, it is important to understand their eating patterns at restaurants. A special 1988 National Restaurant Association CREST study indicated several important tendencies for this age group.

What do 6 to 17-year-olds order at restaurants?*

Soft drinks, french fries, burgers and pizza were ordered on more than one out of five restaurant visits by kids between 6 and 17 years old



*expressed as percent of eater occasions on which food item was ordered
**includes cheeseburgers
***includes all breads, such as biscuits, toast or other side orders of bread
Source: National Restaurant Association NPD CREST special study, 1988

Kids' occasions

One of the primary differences between children and overall restaurant patrons is when children visit restaurants. Half (50 percent) of all restaurant eater occasions for children between 6 and 17 years of age were for supper, compared with 41 percent for the total population. Kids between 6 and 17 years old also showed a higher proportion of visits for afternoon and evening snacks than restaurant patrons in general. Fifteen percent of eater occasions for children between 6 and 17 years old were for afternoon and evening snacks, compared with a lower 11 percent for all restaurant visits.

Conversely, children in this age group reported a smaller proportion of their total restaurant visits at lunch (26 percent versus 36 percent) and breakfast/a.m. snacks (8 percent versus 12 percent).

Along with the difference in eater occasions by meal period is the time of the week during which children between 6 and 17 visit restaurants. In total, weekend eater occasions by children in this age group outweigh weekday eater occasions 55 percent to 45 percent. For all restaurant patrons, the reverse is true—56 percent of eater occasions were during the week and 44 percent were on the weekend. This is largely due to the difference in the proportion of visits for certain meal periods.

Two meal periods, breakfast and supper, were more weekend-oriented for the 6 to 17-year-old age group. Sixty percent of breakfast eater occasions and 58 percent of supper eater occasions for these children were on the weekend. School attendance and other weekday time constraints certainly play a role in increased breakfast and supper occasions on the weekend. Lunch and snacks in the afternoon and evening were equally popular with kids on weekdays and weekends, with 50 percent of eater occasions taking place during the week and 50 percent taking place on the weekend.

For restaurant patrons in general, the proportion of both breakfast and lunch eater occasions was higher during the week—59 percent and 70 percent, respectively, as were afternoon and evening snacks, 55 percent of which occurred on weekdays. This may be attributable to working adults grabbing a quick breakfast on the way to work, eating out for lunch or buying a small afternoon or evening snack while running errands or between commitments. Kids, on the other hand, eat many of their weekday lunches at school cafeterias, which were not covered by the CREST survey.

The foods that 6 to 17-year-olds order at restaurants also reflect the high incidence of supper and afternoon and evening snack visits. According to CREST, soft drinks, french fries, hamburgers and pizza were ordered on more than one out of five eater occasions by these patrons. Any of the four could be consumed either as a snack or with a meal.

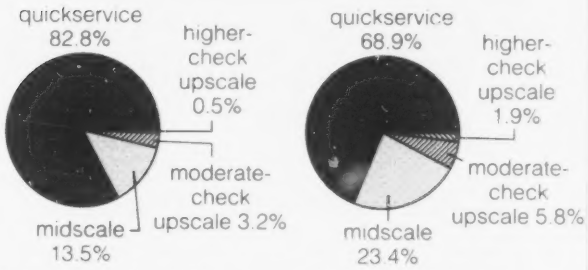
Popular meals

Not only do children have a a greater likelihood of visiting restaurants for certain meal periods and on certain days of the week, they also visit different types of restaurants, when compared to other consumers.

It would not surprise many operators to find out that quickservice restaurants captured the largest portion of eater occasions among children 6 to 17 years old. According to the 1988 National Restaurant Association special CREST

Breakdown of restaurant eater occasions by industry segment, 1988

Children between 6 and 17 years old have a higher proportion of restaurant visits to quick-service places than does the population as a whole



Six to 17-year-olds **Total population**

Source: National Restaurant Association NPD CREST special study, 1988

Who is the food expert*?

Many parents said their children were the experts when it came to fast food

	Percent who say member is expert on	
Family member	**fast food places**	**sit-down restaurants**
Father	18%	36%
Mother	20	40
Child 7 to 12**	42	4
Child 13 to 17**	54	10

**defined as family member named by parent as having the most knowledge in that area*

***only of those families with children in those age brackets*

Source: © The Roper Organization, Inc. *Between Parents and Children: A USA Weekend/Roper Report on Consumer Decision Making in American Families*, 1989

study, 83 percent of restaurant visits by children in this age group were to fast food places, a higher proportion than the 69 percent of restaurant visits for all consumers. Familiarity with these establishments plus short waiting periods for food and service may make these spots attractive for parents with children.

Smaller proportions of kids' restaurant visits were to midscale and moderate-check upscale restaurants, where kids visited about half as often as all restaurant patrons. However, 6 to 17-year-olds reported virtually no visits to higher-check upscale restaurants. Less than 1 percent of their total eater occasions were to these fine-dining establishments. This lack of patronage at higher-check upscale restaurants could be due in part to the slower pace of service at many of these restaurants, which may be too relaxed for fidgety children.

This "need" or "desire" for convenience at restaurants for children and their parents can also be seen in the larger proportion of off-premises occasions among children between 6 and 17. More than half (56 percent) of all eater occasions for 6 to 17-year-olds were off-premises. This compares with 46 percent of all restaurant eater occasions.

In addition, the National Restaurant Association study, *Dinner Decision Making*, found that delivery from a restaurant had the highest proportion of parties with children of any of the seven dinner scenarios. Forty-seven percent of those people who had dinner delivered in the 30 days preceding the survey dined with children under 12, and another 13 percent were joined by children between 13 and 17. Carryout diners—consumers who purchased prepared food from a deli or grocery store—and those who had eaten dinner at a fast food restaurant were also frequently accompanied by children.

Not surprisingly, the association's *Dinner Decision Making* study also indicated that a lower 17 percent of adults who went to dinner at a sit-down restaurant with a check of $10 or more per person ate with children 12 years old or younger. Children between 13 and 17 were part of only 6 percent of dinner parties at sit-down restaurants with a $10 or more per person average check.

This lower attendance of children, however, does not mean that there is not an interest in taking the children out to eat at more upscale establishments. According to a National Restaurant Association Gallup survey, 40 percent of adults surveyed said they would be likely to go to a casual** restaurant for dinner out with children. An additional 16 percent said they would be likely to take children out to dinner at a fine-dining establishment.**

***A casual restaurant was defined as one where waiters and waitresses serve a wide variety of menu items in an informal, relaxed atmosphere. Aside from having no dress code, the per person check ranges from $8 up for dinner. Alcoholic beverages are served and credit cards are accepted. Fine-dining restaurants were defined as having a dinner check of $20 or more per person, elaborate meals and a dress code. Alcoholic beverages are served, and credit cards are accepted.*

Attracting youngsters

□ *Think of kid-oriented (but parents included) promotions.* Although children may be the target market, don't forget that children usually come to restaurants with their parents. Thus a successful restaurant promotion should include something for both age groups. A family weekday supper special for children who come in with their parents could be attractive to these patrons. A similar promotion might be popular for building weekday breakfast traffic on school holidays or during the summer.

Other promotions to build traffic among children might focus on report cards, where kids are rewarded for each "A" or "B" they receive.

□ *Keep kids in mind on the menu.* Since convenience and speed of service are important in dealing with children at restaurants, midscale and upscale operators could develop their "kid clientele" by offering foods that can be served quickly and that are relatively easy to eat.

In addition, it may be helpful to provide some sort of diversion to "speed up" the waiting time. Supplying crossword or other puzzles or sponsoring a contest of some sort, such as a design-your-favorite-meal or menu promotion, may appeal to teenagers as well as to younger children.

Servers may also wish to consider keeping extra napkins, straws and flatware on hand, because they are often dropped by children.

—*Nancy Michalski*

Spotlight on summer travel

Travel and tourism peak during the summer months, providing restaurateurs with an opportunity to boost customer counts. According to the U.S. Travel Data Center, preliminary signs for summer travel in 1990 bode well, especially after last year's sluggish showing.

It's no surprise that vacation travel increases during the months of June, July and August. According to the National Travel Survey by the U.S. Travel Data Center (USTDC), of the 857 million vacation person-trips* U.S. residents took in the United States between September 1988 and August 1989, 38 percent were taken during the summer. Business and convention travel and weekend travel also escalate during the summer, although not to the extent of vacation travel. Thirty percent of business/convention travel (69 million person-trips) and 32 percent of weekend travel (182 million person-trips) occurred during the summer of 1989.

Hotel occupancy rates and air travel were also up in the summer. According to the American Hotel and Motel Association, in 1989 the average hotel room occupancy rate was 70 percent in June and 72 percent in July, compared to the 1989 average rate of 64 percent. And the Air Transport Association reports there were 120.1 million passengers during summer 1989 on U.S. scheduled airlines, compared to 105 million passengers during fall 1989 and 97 million during winter 1989. Thus, there is little doubt that the summer months are a prime time for vacation travel.

Summer 1989 was sluggish

However, summer 1989 was not a stellar travel season; the overall travel volume was the same as that in summer 1988. Even weekend travel, traditionally an area of steady growth, was flat in summer 1989. The USTDC cites price increases as a possible reason for the sluggish showing. (See accompanying interview.)

On the international front, summer 1989 showed signs of slowing American travel abroad. According to the U.S. Travel and Tourism Administration, summer travel by Americans to overseas regions, Canada and Mexico was down 3 percent between summer 1988 and summer 1989. Still, U.S. travel abroad peaks during summer months, and 11.6 million travelers found their way abroad last summer.

Increase in foreign visitors

More foreign visitors arrive in the United States during summer months than at any other time. In 1989, 10.2 million or one-third of the 30.6 million foreigners coming to the United States arrived between June and August. More than half (52 percent) of the arrivals in summer 1989 were from Canada, 19 percent were from Western Europe, 12 percent were from Asia, and the remainder were from various other places.

Between summer 1988 and summer 1989 there was an 8 percent increase in total foreign arrivals to the United States, although the advance was lower than during other seasons. Certain countries increased travel to the United States more than others. Between summer 1988 and summer 1989, 14 percent more foreign visitors came to the United States from Asia, and 20 percent more visitors came from the United Kingdom. Although they represent a small portion of overall visitors, Eastern Europeans increased their visits by one-third.

Foreign visitors spent $43.8 billion in the United States in 1989, including payments to U.S. airlines, according to Don Wynegar, director of research for the U.S. Travel and Tourism Administration. This was the first time they spent in excess of what Americans spent abroad—by $1.2 billion. Japan was the biggest spender in 1989; Japanese visitors spent in excess of $8.3 billion (including payments to U.S. carriers). Canadian visitors spent $5.5 billion; the United Kingdom $4.6 billion; and Mexico $3.6 billion. The number of international visitors to the United States in 1990 should increase by 6 percent.

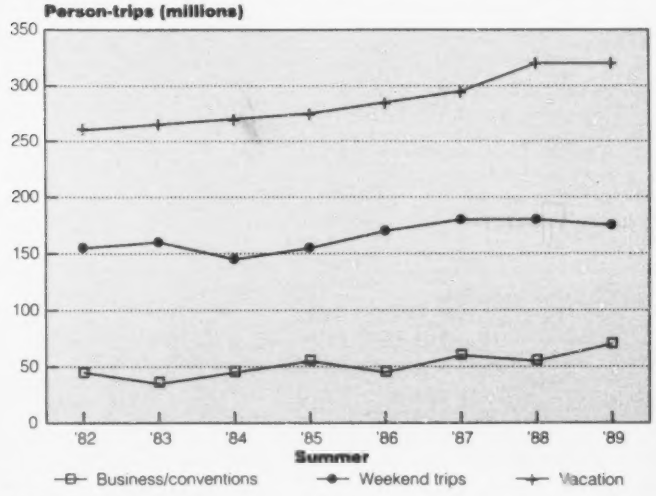
Local cuisine popular

According to the 1990 Travel USA study conducted by Longwoods International, Inc., 20 percent of Americans traveling in the past year sampled foods unique to the area when on vacation. The percentage of vacationers trying local cuisine jumped to 31 percent for those on tour or staying in a resort; 26 percent if the trip was in a city; 16 per-

**One person on a trip. If one person reported three different trips, his/her travel was counted as three trips. If three persons from a household go together on one trip, it will be counted as three person-trips. A trip must be at least 100 miles away (one way).*

Summer travel trends

Vacation and weekend travel rose steadily through the 1980s, peaking in 1988



Source: U. S. Travel Data Center's *National Travel Survey*

Travel trends

An interview with Suzanne Cook, executive director of the United States Travel Data Center

Restaurants USA: *Why was summer travel flat in 1989?*

Suzanne Cook: Summer 1989 saw a [travel] plateau after a major growth spurt. There was a decline in the duration of stay, and we might have reached the upper limit on how many nights we can expect Americans to stay away from home when traveling. Travelers seem to be spreading their vacation around rather than taking one long trip. In addition, there was a sharp increase in travel prices, particularly gas. Although summer definitely dominates travel, there is greater growth in other seasons, especially in winter.

RUSA: *What will happen this summer?*

Cook: Although no formal predictions have been made, it looks like it's going to be a good year. The preliminary signs are positive, as the United States showed strong growth rates early this year. Also consumer confidence, which is strongly tied into spending, is back up. Two important indicators of travel are the travel price index and the consumer confidence level. Consumers are attuned to prices, and in the 1980s they were trained to get a bargain. This has put pressure on the travel industry.

RUSA: *What's happening with parties with kids?*

Cook: All sectors of the travel industry are attuned to families with children. The industry has made families more important in travel, and family vacations will be more popular in the 1990s. The sociology of our nation as well as the rising education level are conducive to traveling with children. However, parents are likely to take some trips without their children.

RUSA: *Will an increased number of Americans traveling abroad affect domestic travel?*

Cook: No. The American travel market is very large; there are 1.3 billion person-trips each year and only 3 percent go outside of the United States. We will see more growth in travel to Europe, but it will not affect overall travel. However, certain destinations, such as Hawaii, could be affected more easily because of the long distance.

"Family vacations will be more important in the 1990s."

cent if visiting friends or relatives; and 8 percent if the vacation was outdoors (such as camping). Furthermore, 68 percent agreed with the statement, "When vacationing I like to try new foods and dishes."

In addition, in 1989, 22 percent of Americans dined in an elegant restaurant when on vacation. The percentage was higher for people staying in a resort (38 percent) or in the city (35 percent) than for people visiting friends and relatives (13 percent) or staying outdoors (10 percent).

Summer traffic and sales increase

An analysis of quarterly CREST data between 1987 and 1989 reveals that there was more traffic in restaurants during the summer months than during any other season. Using an index of 100 to represent the average quarterly traffic over the three-year span, the average summer traffic index was 112, compared to 91 in winter, 99 in spring and 97 in the fall. Another way to measure summer restaurant traffic is to look at its share. Over the three-year span, summers captured an average of 28 percent of restaurant traffic each year.

Similarly, traffic in hotel restaurants advanced during the summer. In 1989, 30 percent of the midscale and upscale hotel dining traffic took place in the summer.

According to data from the Department of Commerce, sales at eating and drinking establishments peak during the summer months. For instance, using an index number of 100 to represent average monthly sales, the 1989 index for eating and drinking place sales was 108 in August and 107 in July, compared to 99 for April and 91 for January. Although eating-and-drinking place sales clearly advance during the summer, the increase is still less seasonal than for other industries, such as automobile dealers or department stores, where sales peak around the holidays.

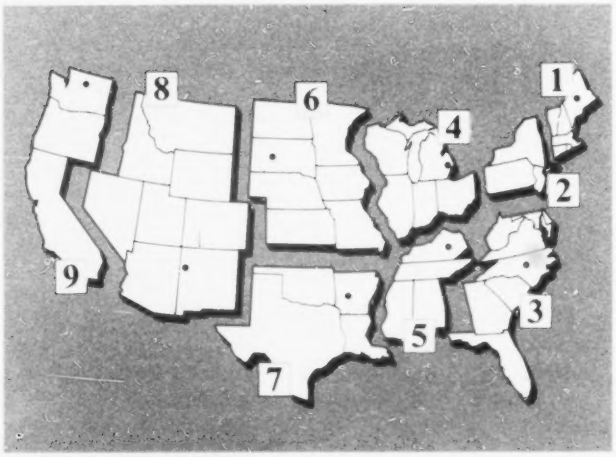
Modes of travel

Most people travel by car when vacationing. According to the USTDC, 82 percent of all summer vacation person-trips in 1989 were by car, truck or recreation vehicle, compared to 61 percent for business travel. Fifteen percent of summer vacation person-trips were by air, and the remaining 3 percent were by bus or other travel mode. Equal portions of summer vacationers stayed in a hotel or motel (42 percent) or with friends or relatives (41 percent).

In summer 1989 only the Southeast region registered gains in traffic volume; all other regions posted declines, especially in the Midwest. In 1989, 32 percent of all summer person-trips taken in the United States were in the Southeast—up from a 25 percent share in summer 1988. Almost one-quarter (23 percent) were in the West, 18 percent were in the Midwest, 14 percent were in the Northwest and 13 percent were in the Great Lakes region.

Parties with children

Children are an important part of vacation travel. In 1989, 41 percent of vacation summer person-trips were parties with children. Kids were present on 36 percent of weekend person-trips and 16 percent of business trips. —*Elizabeth Gordon*



1 NEW ENGLAND

Location: Skowhegan, ME
Association member: Florence Sterns
Operation: The Village Candle Light
Profile: Upscale dining
In business: 28 years
Seats: 150
Meals served: Lunch, dinner

Business at The Village Candle Light is slow in the winter, except for private parties and banquets. But warmer weather brings tourists who are on their way to Quebec. And in the fall, as many as nine tour buses a day stop at the restaurant. The favorite dinner for these guests, says chef/owner **Florence Sterns,** is the New England Boiled Dinner—corned beef, carrots, potatoes, turnips and beets, with apple cobbler for dessert.

But the restaurant is best known for fresh fish, which it gets from the coast, 60 miles away. Of course, Maine lobster is a favorite; so, too, are sauteed scallops in puff pastry and a seafood medley in parchment with julienned vegetables.

Sterns says her business is doing quite well, especially when compared to reports from other parts of the country. "Either the hard times haven't hit here, or New Englanders are just used to it," she says.

2 MID-ATLANTIC

Location: Island Park, NY
Association members: Gary Greco, Diane Bryan
Operation: Left Bank Cafe
Profile: Casual midscale cafe
In business: 13 years
Seats: 130
Meals served: Lunch, brunch, dinner

Located in a village on the south shore of Long Island, this restaurant began as a 50-seat wine-and-cheese cafe. Now the light and airy establishment, with cathedral ceiling, oak bar and sliding glass doors that separate the main dining room from an outdoor cafe, has 130 seats and offers patrons an extensive menu.

There is a Cajun touch to the dishes; the staff spent some time in New Orleans learning firsthand from that city's famous restaurateurs how to prepare such specialties as shrimp creole, chicken and andouille gumbo, po'boy sandwiches and a variety of blackened entrees. For the health conscious, there is a "Heart Smart" section. One of the featured items is sliced chicken breast sauteed with arugula, garlic, plum tomatoes and chicken broth and served over whole-wheat linguini.

Business is doing well, reports co-owner **Gary Greco,** even though restaurant business is down in the area. To be competitive, the Left Bank Cafe is keeping prices below what other comparable restaurants are charging and is promoting its Heart Smart menu and early-diner specials.

3 SOUTH ATLANTIC

Location: Raleigh, NC
Association members: Lottie Locke, Samuel Longiotti
Operation: Kanki Japanese House of Steaks
Profile: One of three Japanese-style midscale restaurants
In business: 17 years
Seats: 164
Meals served: Lunch, dinner

At Kanki's, in the growing metropolis of Raleigh, all food—with the exception of tempura and sushi—is cooked on grills in the center of tables that seat eight to 10.

Business in this year's first quarter was up 10 percent over last year's, reports the restaurants' president **Lottie Locke.** She credits promotions for part of the success. The restaurant offers specials to customers celebrating birthdays and anniversaries and has had a contest to see which employees could hand out the most discount coupons outside of the restaurant. Locke also works with schools to set up tours and a lunch at the restaurant. Last month she donated sushi to the city's museum for a special event.

4 EAST NORTH CENTRAL

Location: Grosse Pointe, MI
Association member: Frank Talerico
Operation: Clairpointe Restaurant
Profile: Casual, family-style restaurant
In business: 9 years
Seats: 75
Meals served: Breakfast, lunch, dinner

Grosse Point, close to Detroit, is the home of executives and sports stars. The Clairpointe Restaurant is in the village, surrounded by quaint little stores.

Sandwiches, shishkebab, fettucini, tortellini and Lake Superior whitefish are popular choices for local residents, and the restaurant is famous for its clam chowder.

Once a week the restaurant makes Jewish cracker bread—lavosh—a stiff, brittle bread made with cinnamon and sugar and served in long strips. It is included in the bread-basket mix and also sold for takeout.

Owner **Frank Talerico** reports business is good because he serves good food at reasonable prices.

5 EAST SOUTH CENTRAL

Location: Richmond, KY
Association member: James Foley
Operation: Bananas Tavern
Profile: Casual tavern
In business: 9 years
Seats: 75
Meals served: Breakfast, lunch, dinner

Richmond is 20 miles south of Lexington, in the heart of

the Bluegrass region. Bananas Tavern, whose logo is "Place with A-Peel," is in a five-square-mile area that is the only place in the six surrounding counties where liquor can be sold. The tavern's neighbors are nine liquor stores and 22 bars.

Even though Bananas Tavern is in a college town, where 15,000 students attend Eastern Kentucky University, it is not a college hangout. Customers are more likely to be professionals who come for the food as much as for the drink. Owner **James Foley** reports the ratio of food to liquor sold is 50/50. In the past, liquor sales represented 85 percent of sales.

When drinking began to decline, Foley extended his menu. Local tastes are catered to with a Kentucky burger—ground beef topped with country ham and melted cheese—and Fettucini Country Ham Alfredo.

Business has been excellent, says Foley. There is a wait every night for the restaurant's seven booths (the remainder of seating is at the bar). Business was up 17 percent in January, 10 percent in February and 15 percent in March.

6 WEST NORTH CENTRAL

Location: Pierre, SD
Association members: Vernon Johnson, Bill Smart
Operation: The Lancer Room at King's Inn
Profile: Midscale restaurant in motel
In business: 20 years
Seats: 90
Meals served: Dinner

The Lancer Room is in the basement of a 104-room motel and convention center. Signature items are prime rib and steaks. There's also a variety of seafood, including a poor man's lobster—torsk (cod) served with melted butter. The restaurant is popular with hunters, who sometimes bring in geese or pheasants for the chef to prepare. "We like to roast the birds and serve them with orange sauce," says manager **Bill Smart,** "but we will prepare the game any way the customers want."

Business is fair, says Smart. There's lots of competition from other restaurants in Pierre, the state capital. Owner Vernon Johnson helps things by advertising in newspapers, on radio and in fishing and hunting magazines.

7 WEST SOUTH CENTRAL

Location: Hot Springs, AK
Association members: Jim Manning, Mike Jarrell, Trudy Moore
Operation: Coy's Steak House
Profile: Fullservice restaurant
In business: 45 years
Seats: 350
Meal served: Dinner

Coy's caters to an older crowd; Hot Springs, 45 minutes from Little Rock, is a retirement and tourist town. It is busiest when the horses are running next door at the Oaklawn Race Track. The restaurant has just added another room with a bay window so diners can see the track's tower.

To please older customers, a "golden-age" menu offers smaller portions at lower prices. Fifties and '60s music is played in the bar, and once a week there is dancing to Big-Band sounds.

Fresh seafood and beef aged for at least 30 days in special rooms at the restaurant are specialties. Homemade biscuits and honey are served with all meals.

Coy's uses promotions and advertising constantly. Direct mail is the most popular medium, with a mailing list of 14,000 names culled from cards distributed to diners. Marketing director **Trudy Moore** credits the added emphasis on local marketing for an upward trend in business.

8 MOUNTAIN

Location: Gallup, NM
Association members: Roberto Landavazo, Stanley Tafoya, Charlie Landavazo
Operation: El Sombrero
Profile: Restaurant specializing in "New Mexican" food
In business: 30 years
Seats: 120
Meals served: Breakfast, lunch, dinner

Food at El Sombrero is "New Mexican," which is not as spicy as Mexican or Southwestern. The restaurant's hot sauce is the one really hot item, but it is served on the side. The house special is sliced grilled beef on a folded flour tortilla with french fries, and a small green salad with the house dressing; hot chilies come on the side.

Gallup, in the extreme western part of the state, is in the heart of Indian country, near Navajo and Zuni reservations. Every August, a four-day inter-tribal Indian ceremony brings tourists and extra business to the town. Business is increasing, says assistant manager **Charlie Landavazo,** despite the shutdown of area uranium and coal mines, and the closing of the town's railroad switching station.

9 PACIFIC

Location: Chelan, WA
Association members: Dean Haggerty, David Gangestad, Sicely Trent
Operation: The Crockery
Profile: Family dining
In business: 10 years
Seats: 100
Meals served: Breakfast, lunch, dinner

The town of Chelan in eastern Washington, with its 55-mile-long lake, is already a resort town, but it is growing so fast citizens foresee it becoming another Lake Tahoe. Tourists from Seattle, Canada and even Europe come mostly in summer, which triples the population of 5,000. But winter activities, such as cross-country skiing and snowmobiling, are beginning to draw visitors too.

There is lots of competition for the tourist business, but The Crockery, off the main street, does well because it has a steady year-round clientele of locals. In fact, several groups meet there every morning for coffee and conversation. "Then they come back with their families later in the day to eat," says manager **Sicely Trent.** Trent says the restaurant offers service with a personal touch, something most competitors do not offer.

Steaks and seafood are the specialty. A garlic steak, top sirloin studded with garlic cloves before broiling, is a popular item.

The overall atmosphere is casual, and customers wearing shorts or bathing suits are welcome.

—Julie Fintel

Service with a light touch

For customers who can't find their servers when they need them, Rohrer Industries, Inc. of Santa Ana, California, believes it has the answer—Waiter Lite. The Waiter Lite is a small, unobtrusive fiber-optic lamp that the customer lights when he or she wants the server to come to the table. Rohrer claims the Waiter Lite dramatically increases customer satisfaction and can increase table turns by allowing guests to be served more efficiently.

The Waiter Lite comes in white, black or chrome and operates on batteries.

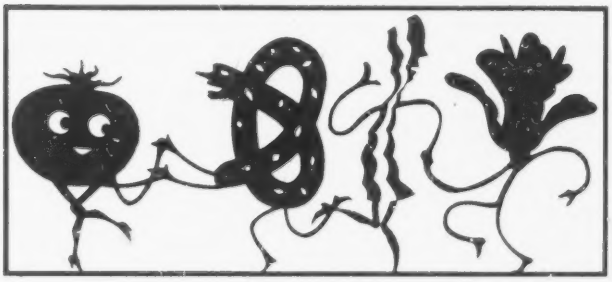
—Rohrer Industries, Inc.

Ordering one BLTP...

Bacon, lettuce, tomato and . . . a pretzel? An old standby is getting a new "twist" from J&J Snack Foods, Inc. of Pennsauken, Pennsylvania. The company is "rolling out" a soft pretzel bun in the hope that restaurants, supermarkets, convenience stores, school cafeterias and sports stadiums will find customers eager to try the new sandwich bread. J&J is the largest soft-pretzel company in the country and is credited with introducing the Philadelphia treat to the rest of the nation. J&J can only hope that the new pretzel buns will sell nearly as well as SuperPretzel—a large soft pretzel that accounts for 45 percent of the company's annual sales.

J&J is planning to promote its new product with ads that feature a new version of a Philadelphia classic—the "Pretzeldelphia cheesesteak."

—New Jersey Daily News



Practicing what she preaches

Dietitian Layne Lieberman of Cedarhurst, New York, has no trouble marrying her professional and personal lives. At least that was the case last summer when she was planning her own wedding reception. Lieberman runs a nutritional consulting and educational center and is often called upon to modify menus to reduce the fat and cholesterol content. When it came time to plan the meal for her own wedding, she had to put her money where her mouth was.

Calling upon all her expertise and with the help of a flexible and creative chef, Lieberman crafted a menu that included potato skins with caviar and yogurt and veal with shiitake mushroom sauce. To convince her skeptical father that the food would go over well with wedding guests, Lieberman held a sample dinner for her family. This pre-dinner dinner was helpful in fine-tuning the meal with a few substitutions and alterations as well as convincing her dad that nutritious food can be delicious.

The white chocolate mousse wedding cake was the one area that Lieberman found non-negotiable—she wouldn't reveal its calorie count.

—ADA Courier

Piroshkis and perestroika

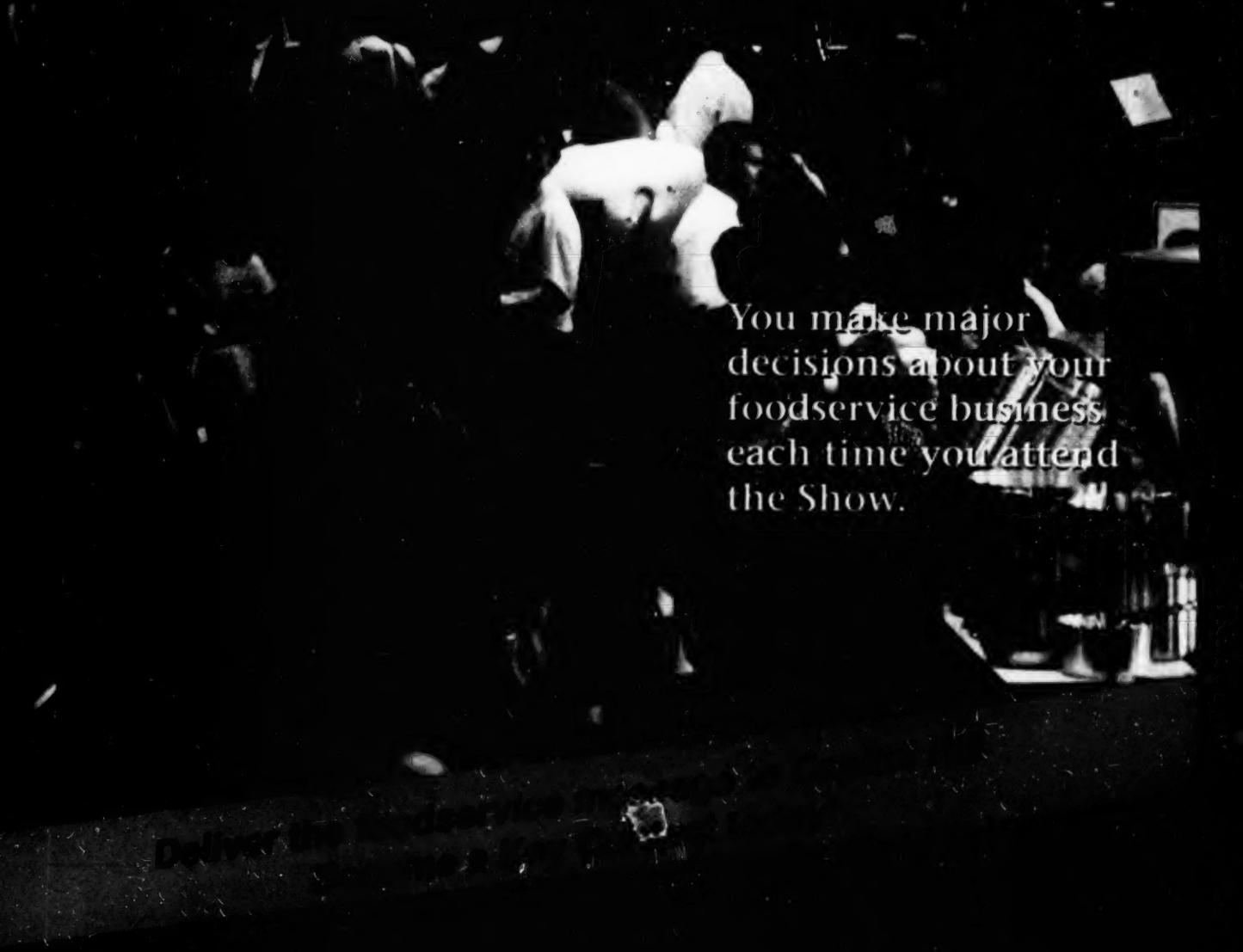
With Big Macs now in Moscow, it couldn't be long before Russian fast food made it to American shores; and with the opening of a piroshki restaurant in Norfolk, Virginia, it has become a reality. Piroshki is named for the traditional Russian snack—fried dumplings filled with meat or vegetables. Soviet citizens eat the piroshkis, which look like large eggrolls, on their way to work or for a quick meal.

Like many Soviet–U.S. ventures, the restaurant is a joint effort between an American company—Chesapeake International—and a Russian firm—Tomak-Kiev, manufacturer of food-processing equipment. Norfolk was chosen as the site of the first restaurant because of the warm welcome the city gave to Soviet sailors who visited the port last year.

The restaurant opened in early April to great fanfare, including the playing of both national anthems and servers dressed in native Russian garb distributing the piroshkis to curious customers.

Although it has a long way to go before catching up with the Golden Arches, the company hopes to open 10 additional franchises in the area in the near future and eventually hopes to go national.

—The Washington Times



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